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Vol. I
TRANSCRIPT OF RECORD

(Pages 1 to 416)

Supreme Court of the United States

OCTOBER TERM, 1944

No. 574

THE STATE OF ALABAMA AND PUBLIC SERVICE COMMISSION,
THE STATE OF TENNESSEE AND THE RAILROAD AND PUBLIC
UTILITIES COMMISSION OF THE STATE OF TENNESSEE, COM-
MONWEALTH OF KENTUCKY AND RAILROAD COMMISSION OF
KENTUCKY, APPELLANTS.

vs.
THE UNITED STATES OF AMERICA, INTERSTATE COMMERCE
COMMISSION AND FRED M. VINSON, ECONOMIC STABILIZA-
TION DIRECTOR, BY CHESTER BOWLES, PRICE ADMINISTRA-
TOR, ET AL.

No. 592

FRED M. VINSON, ECONOMIC STABILIZATION DIRECTOR, BY
CHESTER BOWLES, PRICE ADMINISTRATOR, APPELLANT.

vs.
THE UNITED STATES OF AMERICA, INTERSTATE COMMERCE
COMMISSION AND THE ALABAMA-GREAT SOUTHERN RAIL-
ROAD COMPANY, ET AL.

APPEALS FROM THE DISTRICT COURT OF THE UNITED STATES FOR THE WESTERN
DISTRICT OF KENTUCKY

FILED { OCTOBER 9, 1944
OCTOBER 13, 1944

IN THE
District Court of the United States
FOR THE WESTERN DISTRICT OF KENTUCKY

CIVIL ACTION No. 707

THE STATE OF TENNESSEE AND PORTER DUNLAP, LEON
JOUROLMON, JR., AND JOHN C. HAMMER, CON-
STITUTING THE RAILROAD AND PUBLIC UTILI-
TIES COMMISSION OF THE STATE OF
TENNESSEE

Plaintiffs

VERSUS

THE UNITED STATES AND THE
INTERSTATE COMMERCE COMMISSION

Defendants

COMPLAINT

LEON JOUROLMON, JR.,
123 Memorial Building,
Nashville 3, Tenn.
Attorney for Plaintiffs

June 10, 1944

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1944.

No. 574

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DISTRICT OF KENTUCKY

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**In the District Court of the United States
For the Western District of Kentucky**

THE STATE OF TENNESSEE and POR-
TER DUNLAP, LEON JOUROLMON,
JR., and JOHN C. HAMMER, Con-
stituting the RAILROAD AND PUBLIC
UTILITIES COMMISSION of the
STATE OF TENNESSEE,

Plaintiffs

CIVIL ACTION

Versus

No. 707

THE UNITED STATES and the INTER-
STATE COMMERCE COMMISSION,

Defendants

COMPLAINT

THE STATE OF TENNESSEE and Porter Dunlap, Leon Jourolmon, Jr., and John C. Hammer, constituting the Railroad and Public Utilities Commission of the State of Tennessee, bring this complaint against the United States and the Interstate Commerce Commission and respectfully show unto this Honorable Court as follows:

I

That the plaintiff, the State of Tennessee, is one of the sovereign states of the United States, and the Railroad and Public Utilities Commission is a department of the State of Tennessee, with its principal offices in Davidson County, State of Tennessee, and said Commission has general jurisdiction over the standards of service of, and the rates and fares charged for same by, common carriers by rail engaged in intrastate commerce in the state of Tennessee and has the statutory power and authority to fix and prescribe just and reasonable rates for the services of such carriers in intrastate commerce. Plaintiffs Dunlap, Jourolmon, and Hammer are the duly

Complaint

elected or appointed and qualified members of said Commission and have their domicile in the state of Tennessee.

II

That the United States is made a party defendant herein by virtue of the authority and requirements of the Act of October 22, 1913 (38 Stat. 1, 219; Sections 43 and 45-48 inclusive, of Title 28 of the United States Code Annotated, and, under Section 792 of said Title 28 of the United States Code), and because the Interstate Commerce Commission, defendant herein, claims to have derived its authority for the unconstitutional and illegal acts committed by said Interstate Commerce Commission, and hereinafter complained of, from said defendant, the United States. The Interstate Commerce Commission, a defendant herein, is a regulatory body established and existing under an Act of Congress known as the Interstate Commerce Act, and said defendant has jurisdiction over common carriers by rail engaged in interstate commerce; it likewise has jurisdiction, under certain strictly defined constitutional and statutory limitations, over common carriers by rail engaged in intrastate commerce. This suit involves questions arising under the Constitution and laws of the United States and is a case in which a state is a party and in which the United States and an agency thereof are defendants, as will be made to appear more particularly herein.

III

That the Railroad and Public Utilities Commission, representing and appearing for the State of Tennessee, was a protestant in that certain proceeding known as *Interstate Commerce Commission, Docket No. 29037, Tennessee Intrastate Fares*, wherein the Interstate Commerce Commission on October 13, 1943, instituted an investigation to determine whether the present rates for the intrastate transportation of passengers between points in Tennessee cause or will cause any undue or unreasonable advantage, preference or prejudice as between persons or localities in intrastate commerce on

Complaint

the one hand and interstate or foreign commerce on the other, or any undue, unreasonable or unjust discrimination against interstate or foreign commerce; and also to determine what fares, if any, or what maximum or minimum or maximum and minimum fares or charges shall be prescribed to remove such advantage, preference, prejudice or discrimination, if any be found to exist.

IV

That pursuant to a petition brought by sixteen railroads operating within the state of Tennessee, in which petition violation of Sections 3 and 13, Title 49 of the United States Code, known as the Interstate Commerce Act, was charged, an investigation was instituted by the Interstate Commerce Commission, as set out in paragraph III hereof, upon which hearing was commenced in Nashville, Tennessee, before the Examiner for the Interstate Commerce Commission on December 2-3, 1943, following which hearing the Examiner made no proposed report, and the case was argued orally before the Interstate Commerce Commission in Washington, D. C., on February 18, 1944. The Louisville & Nashville Railroad Company, one of the carriers which filed said petition before the Interstate Commerce Commission, is a corporation organized and existing under the laws of the Commonwealth of Kentucky and has its residence and principal office in the Federal Judicial District for the Western District of Kentucky. Said company is domesticated under the laws of the State of Tennessee with the right, power and authority to do business in that state as a common carrier of persons and property by rail. Subject to the provisions of Section 43, Title 28 of the United States Code, this complaint is brought in the District Court for the Western District of Kentucky, the place of residence of said Company.

V

That in addition to said Louisville and Nashville Railroad Company, the other parties on whose petition the investigation was

Complaint

instituted by the Interstate Commerce Commission, are The Alabama Great Southern Railroad Company; Carolina, Clinchfield and Ohio Railway; Carolina, Clinchfield and Ohio Railway of South Carolina (Lessees: Atlantic Coast Line Railroad Company, and Louisville & Nashville Railroad Company); Central of Georgia Railway Company (M. P. Callaway, Trustee); The Cincinnati, New Orleans and Texas Pacific Railway Company; Gulf, Mobile and Ohio Railroad Company; Illinois Central Railroad Company; The Nashville, Chattanooga and St. Louis Railway; St. Louis-San Francisco Railway (J. M. Kurn and John G. Lonsdale, Trustees); Southern Railway Company; Tennessee, Alabama & Georgia Railway Company; Tennessee Central Railway Company; and The Yazoo and Mississippi Valley Railroad Company. Of the foregoing railway companies some are purely nominal parties, engaged only in interstate commerce, and would derive no benefit from any increase in intrastate fares, these being The Alabama Great Southern Railroad Company, Central of Georgia Railway Company, St. Louis-San Francisco Railway, and the Tennessee, Alabama and Georgia Railway Company. Of the other carriers three have but a negligible interest in these proceedings, these being Gulf, Mobile and Ohio Railroad Company, Illinois Central Railroad Company, and The Yazoo & Mississippi Valley Railroad Company. The level of intrastate coach fares of these three carriers is the same as the level of their interstate coach fares. Carolina, Clinchfield and Ohio Railway, and Carolina, Clinchfield and Ohio Railway of South Carolina (Lessees: Atlantic Coast Line and Louisville and Nashville Railroad Company), have likewise but a negligible interest because of the fact that they are predominantly freight carrying railways and have inconsequential passenger business and revenues. Tennessee Central Railway Company failed to evince any interest in the proceedings and made no showing of any intrastate passenger business or revenues whatsoever. The plaintiffs allege that the proceedings conducted before the Interstate Commerce Commission in *Docket 29037* were primarily and almost exclusively for the use, benefit and advantage of the four large Tennessee railroads, these being The Nash-

Complaint

ville, Chattanooga and St. Louis Railway; Louisville and Nashville Railroad Company; Southern Railway Company; and The Cincinnati, New Orleans and Texas Pacific Railway Company, which latter is an affiliate of the Southern Railway System. Plaintiffs allege and would show unto the Court that the latter four carriers, which are the true parties in interest in this cause, would receive 99.38 percent of the total increase in passenger revenue to be derived by all Tennessee carriers in the aggregate if the increases permitted by defendant Interstate Commerce Commission are allowed.

VI

That the proposed findings and conclusions of the Interstate Commerce Commission in said *Docket No. 29037* were published on March 25, 1944, and served on the parties on March 30, 1944, whereupon the Railroad and Public Utilities Commission of the State of Tennessee filed a petition for rehearing and reconsideration, which petition was denied, and final corrected order was entered in said case dated May 8, 1944, the Commission making the findings and conclusions aforesaid a part of said order. A copy of the corrected order of the Interstate Commerce Commission is hereto attached and marked Exhibit A. A copy of the findings and conclusions dated March 25, 1944, together with a copy of the dissenting views of Commissioners Splawn, Aitchison and Mahaffie, is hereto attached and marked Exhibit B. A copy of the order of the Commission denying the petition for rehearing and reconsideration, and dated May 8, 1944, is hereto attached and marked Exhibit C. In the corrected order aforesaid the Interstate Commerce Commission, pretending to act under the authority of the laws of the United States, among other things complained of herein set aside and declared null and void the existing fares for transportation of coach passengers in intrastate commerce prescribed by the Railroad and Public Utilities Commission of Tennessee to be charged by railroads operating as common carriers in the state of Tennessee under the Constitution and laws of the State of Tennessee.

VII

That prior to the proceedings before the Interstate Commerce Commission aforesaid the said railroads operating in Tennessee, through their duly authorized tariff filing agency, filed tariffs with the Railroad and Public Utilities Commission making changes in the previously existing tariffs for application to carriage of intrastate passengers in Tennessee, all of which changes constituted increases in the existing fares. Thereupon said Railroad and Public Utilities Commission, in conformity with its customary and established administrative practice in such cases, suspended said tariffs and instituted an investigation as to the necessity for said increases, affording the carriers full opportunity to appear and be heard as to the fairness and reasonableness of the increased fares. On completion of the investigation and hearing conducted as aforesaid, the plaintiff Railroad and Public Utilities Commission on August 30, 1943, made its findings and order in which it found that the carriers had presented no evidence which would justify the increases sought by them and ordered that the existing fares should be maintained as just and reasonable. A copy of the order of the said Commission dated August 30, 1943, is hereto attached and marked Exhibit D. The said order of the Railroad and Public Utilities Commission of Tennessee has not been appealed to any of the courts of the State of Tennessee having jurisdiction of such appeals to review proceedings of the Commission, and accordingly the said order has become final under the laws of the State of Tennessee, and the rates there prescribed are presently in effect.

VIII

That the findings and order aforesaid of the plaintiff Railroad and Public Utilities Commission were made in conformity with the program of stabilization of prices promulgated by the Federal government and embodied in the Emergency Price Control Act of 1942 (Public Law 421, 77th Congress), and the Act of October 2, 1942 (Public Law 729, 77th Congress) and in obedience and according to

Complaint

Executive Orders of the President of the United States, Number 9250 dated October 3, 1942, and Number 9328, dated April 8, 1943. In Executive Order Number 9328 aforesaid the President of the United States directed the attention of all state authorities "concerned with the rates of common carriers or other public utilities" to the "stabilization program of which this order is a part so that rate increases will be disapproved and rate reductions effected, consistently with the Act of October 2, 1942," The plaintiff Commission interpreted the stabilization policy to require disapproval of all increases of rail passenger fares provided that the rail carriers are earning sufficient revenues to enable them to furnish the adequate and efficient service necessary to the effective prosecution of the war, and, failing to find any present or future necessity for such increases under the evidence, acted consistently with the plain intention of the Acts of Congress and Executive Orders aforesaid, denying the increases as sought.

IX

That it is the effect of the said corrected order of the Interstate Commerce Commission, dated May 8, 1944, to require all railroads doing business in Tennessee to establish on or before July 1, 1944, fares of 2.2 cents per mile one-way and 1.98 cents per mile round-trip for the transportation of passengers in coaches between points in the state of Tennessee over routes wholly within the boundaries of said state. The fares prescribed by the Railroad and Public Utilities Commission are 1.65 cents per mile one-way and 1.485 cents per mile round-trip for such transportation. The increased fares ordered by the said Interstate Commerce Commission exceed the present fares prescribed by the Railroad and Public Utilities Commission, now lawfully in effect, by thirty-three and one-third percent ($33\frac{1}{3}\%$); and if the increased fares are permitted to become effective, as required by the order aforesaid, intrastate passengers in Tennessee will be required to pay in the aggregate more than \$550,000 per annum in increased cost of transportation, based on

Complaint

the present volume of passenger coach travel within the state of Tennessee. Each of the four carriers primarily concerned in this proceeding, viz: Louisville and Nashville Railroad; The Nashville, Chattanooga, and St. Louis Railway; Southern Railway Company; and The Cincinnati, New Orleans, and Texas Pacific Railway Company, now is subject to the foregoing fare schedules established by the Railroad and Public Utilities Commission. Prior to February 10, 1942, both interstate and intrastate fares were 1.5 cents one-way and 1.35 cents round-trip. Effective February 10, 1942, said fares were increased 10 percent pursuant to *Ex Parte 148, Increased Railway Rates, Fares, and Charges, 1942*, 242 I. C. C. 545, and thereby became 1.65 cents one-way and 1.485 cents round-trip. The Railroad and Public Utilities Commission permitted the same 10 percent increase at virtually the same time. No further changes were made in said fares until October 1, 1942, at which time interstate fares in the Southern states were increased to 2.2 cents per mile one-way and 1.98 cents per mile round-trip, which fares are still in effect.

X

That plaintiffs allege, as a matter of law, that the corrected order of the Interstate Commerce Commission dated May 8, 1944, which they seek to have enjoined, set aside, and annulled, exceeds the powers granted to the Federal government in the Commerce Clause, Article I, Section 8, of the Constitution of the United States, constitutes an unwarranted and wholly unjustified invasion of the sovereignty of the State of Tennessee, and is in violation of the Fifth Amendment and the Tenth Amendment of the Constitution of the United States. It is alleged that there were no facts before said defendant Commission justifying its report, findings and order and the record wholly lacks any foundation for the making of such report, findings and order. A transcript of the complete record in *Docket No. 29037*, together with all exhibits filed therein, is attached hereto and marked Exhibit E.

Complaint

XI

That plaintiffs allege that the following finding and conclusion of the Commission, on Sheets 19 and 20, of Exhibit B, hereto, is in error; said finding being unsupported by the evidence of record, and consequently the order based upon said finding is unconstitutional. Said finding is in the following terms:

Upon the records in the instant proceedings we can find no warrant for changing our views that a basic coach fare of 2 cents per mile, plus an additional 10 percent for the duration of the war, is reasonable for general application.

The plaintiffs further allege that the similar finding and conclusion of the Commission on Sheet 10, Exhibit B, is in error, being unsupported by the evidence in the cause; said finding is in the following terms:

The record does not warrant any modification of our conclusion in the report on further hearing in *Ex Parte No. 148* with respect to the passenger fares of these respondents.

Plaintiffs allege that the Interstate Commerce Commission erred in thus finding that the interstate rates are reasonable without a full hearing as provided by Section 13 (4) of Title 49, of the United States Code, and consequently the order and action based upon said finding violates the Tenth Amendment of the United States Constitution in that it invades powers reserved to the State of Tennessee to regulate intrastate commerce. The finding of the Commission in regard to the reasonableness of interstate fares is erroneous as in no phase of the investigation made by the Interstate Commerce Commission in *Docket No. 29037*, did the Commission receive any evidence, nor did the railroads submit any evidence purporting to show that the interstate coach fare of 2.2 cents per mile is, or has been found by the Commission to be just and reasonable for the transportation of passengers in coaches in Tennessee, or in interstate commerce. Plaintiffs allege that in 1936, in *Docket No. 26550, Passenger Fares and Surcharges*, 214 I. C. C. 174, the Commission made an investigation of interstate passenger fares and charges, and sought to determine what would be the reasonable interstate fares to apply not only in Southern Passenger Association territory

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but throughout the United States. In said case the Commission treated the Southern Region separately in its report and order and found that the basic interstate coach fare of 1.5 cents per mile was not unreasonable or otherwise unlawful for application throughout the South. A 10 percent increase, raising the fare to 1.65 cents per mile, was published by the carriers on authority of an order of the Commission dated January 21, 1942, and confirmed by the decision in *Ex Parte 148, Increased Railway Rates, Fares and Charges, 1942*, 248 I. C. C. 545. The Tennessee intrastate fare was increased by the Railroad and Public Utilities Commission of Tennessee to 1.65 cents per mile on February 10, 1942. The Railroads in Southern Passenger Association territory on July 14, 1942, filed a petition praying modification of the order in *Docket No. 26550*, seeking authority to increase southern coach fares to 2.2 cents per mile. By order dated August 1, 1942, the Interstate Commerce Commission denied this petition but in the same document granted the prayer of the petition in an order entered in *Ex Parte No. 148*, modifying the former order in *Ex Parte No. 148* so as to authorize southern carriers "to apply the increase of ten percent approved in said order to a basic fare of 2 cents per mile of said petitioners." Plaintiffs as a matter of law, allege that the procedure followed by the Commission in increasing the basic fares in the South to 2.2 cents per miles is improper, illegal and erroneous and was made without due process of law. Plaintiffs allege that no hearing whatsoever was accorded any parties who might have wished to protest any basic interstate fares. In the petition filed by all Class I Railroads in the United States in *Ex Parte No. 148*, the carriers made no prayer for an increase of fares from 1.5 cents to 2.2 cents per mile in or throughout the South, but instead specifically prayed for authority to make increases only as follows: *Passenger Fares, a uniform increase of 10% in all fares as published in all passenger tariffs*. Plaintiffs allege that this petition in *Ex Parte No. 148*, was never modified, amended or changed by the carriers, and the authority granted on August 1, 1942, in that cause to increase fares in the South to 2.2 cents per miles is accordingly illegal, null and void as none of the

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parties involved had notice that such an increase was in issue; said order is accordingly illegal, null and void, and in violation of the Fifth Amendment to the Constitution of the United States, because it was made without due process of law.

XII

That the plaintiffs allege, as a matter of law, that the finding of the Commission aforesaid, to the effect that the interstate fares are reasonable, was made without due process of law in the following respects. The proceeding of the Interstate Commerce Commission known as *Ex Parte No. 148, Increased Rates, Fares and Charges, 1942*, was a cooperative procedure, by which is meant that representatives of the state commissions throughout the United States were invited to sit with the Commission, and consult with it upon the issues, findings, and conclusions to be incorporated in reports and orders. Said cooperative procedure was carried out under the cooperative agreement between the Interstate Commerce Commission and the National Association of Railroad and Utilities Commissioners, under which all such cooperative proceedings are conducted. The record in this case discloses that the cooperating State Commissioners were not called by the Interstate Commerce Commission when it entered its order of August 1, 1942, modifying its original order in *Ex Parte No. 148*, so as to permit the carriers operating throughout the south to apply the 10 percent increases to a basic fare of 2 cents per mile on the lines of said railroads. Instead of a 10 percent increase upon the existing published tariffs, carriers throughout the south were actually allowed an increase of seven-tenths of a cent per mile, or a 46.66 percent increase. Said procedure of the Commission was made without pleadings on the part of the parties, without proof to support same, and with no opportunity on the part of protesting parties to resist; and it is accordingly illegal, erroneous, and made without due process of law, wherefore said order is wholly null and void. Such procedure was also in violation of the cooperative agree-

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ment under which cooperative proceedings are conducted, and consequently the findings, conclusions, and orders based upon said action of the Commission are erroneous and unconstitutional.

XIII

That plaintiffs herein allege, as a matter of law, that the third specific finding and conclusion of the defendant Commission, on Sheet 20, of Exhibit B hereto, is in error, said finding being unsupported by and directly contrary to the evidence of record, and consequently the order based upon said finding is unconstitutional. Said finding is in the following terms:

The conditions affecting the one-way and round-trip transportation of passengers in coaches within [the State of Tennessee], and the round-trip transportation of passengers in sleeping and parlor cars within . . . Tennessee, intrastate on the one hand, and interstate to, from, and through [said State] on the other, are substantially similar.

Plaintiffs allege that, on the contrary, the record in this cause by undisputed evidence manifests that upon the average there is a substantial difference in the service and convenience accorded interstate passengers and that accorded intrastate passengers within the state of Tennessee and that the services and conveniences accorded intrastate passengers are inferior to those accorded interstate passengers.

XIV

That plaintiffs herein allege, as a matter of law, that the fourth specific finding and conclusion of the Commission, on Sheet 21, of Exhibit B hereto, is erroneous and contrary to the proof and wholly at variance with the facts disclosed of record, and consequently the

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order based upon said finding is unconstitutional. Said finding is in the following terms:

Interstate passengers in [Tennessee] travel in the same trains and generally in the same cars with intrastate passengers, but are forced to pay higher fares than the intrastate passengers for like services, to the undue and unreasonable advantage and preference of the intrastate passengers and the undue and unreasonable disadvantage and prejudice of the interstate passengers.

Plaintiffs further allege, as a matter of law, that the similar finding of the Commission, on Sheet 13, of Exhibit B, is in error. Said finding is unsupported by the evidence of record and is as follows:

Respondents in [Tennessee] are engaged in the handling of both intrastate and interstate passengers. Such passengers are carried on the same trains and generally in the same cars, but the interstate passengers have to pay higher fares than the intrastate passengers for corresponding distances.

Plaintiffs allege that the following similar finding, on said Sheet 13 is likewise in error, being unsupported by the evidence in the cause:

All trains operated by respondents in [Tennessee] are available to and are used by both interstate and intrastate passengers, and the services accorded to both classes of passengers are substantially the same.

Plaintiffs herein also further allege that the following finding of the Commission, on Sheet 20, Exhibit B, is in error and is wholly unsupported by the evidence of record, and consequently the order based upon said finding is unconstitutional:

Both intrastate and interstate passengers travel side by side under substantially similar circumstances and conditions on practically every passenger car on every branch and main line operated by respondents in [Tennessee].

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Plaintiffs allege that the undisputed record in this cause demonstrates that all trains operated by Tennessee railroads are not available to interstate and intrastate passengers alike; interstate and intrastate passengers do not in all cases ride in the same trains nor in the same cars and do not have the same facilities available to and used by both. The railroads provide four trains which operate through and within the state of Tennessee and make only one scheduled stop within the state, thus carrying only interstate passengers, these being *de luxe* trains having the highest grade of service and facilities. On the other hand a considerable proportion of the service rendered within the state is wholly for intrastate passengers, such services being rendered in mixed trains, that is to say, trains consisting of a large number of freight cars with passenger service limited to a sub-standard, open-vestibule coach which is also used as quarters for the train crew in lieu of a caboose. Passenger trains are being operated through the state in many instances carrying more passengers than the seating capacity of the cars can accommodate, and numerous passengers are having to stand. Relatively speaking, the interstate passengers travel considerable distances, and the average interstate journey is much longer than the average intrastate journey. Passengers traveling long distances have more frequent opportunities under crowded train conditions to find seats as local passengers get on and off. Plaintiffs allege that the necessary inference to be found from these facts of record is that the ratio of intrastate standees to intrastate passengers per mile is higher than the ratio of interstate standees to interstate passengers per mile. Plaintiffs further allege that no persons who pay the higher interstate fares and no localities have appeared herein to complain of undue advantage, preference, and prejudice, and as far as this record shows none have complained to the railroads operating in Tennessee. These railroads do not seek relief for any particular persons or places, but seek and have been granted by the Commission a state-wide order. There is no evidence in this record to establish that the difference in interstate and intrastate fares constitutes a source of undue disadvantage to any one person and of undue advantage to any other one person. There is no evidence in the record

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to show that any person who pays the interstate fares would be benefited by an increase in the intrastate fares. No locality in interstate commerce is shown to be injured by the disparity, nor is it shown that any locality would be benefited by an increase in the intrastate fares.

XV

That the plaintiffs allege, as a matter of law, that the fifth specific finding and conclusion of the Commission, on Sheet 21, Exhibit B, is a wholly erroneous finding as there is no evidence in the record to support the same, and consequently the order based upon said finding is unconstitutional. Said finding is in the following terms:

Respondents' revenues under the lower intrastate fares are less by at least \$525,000 in Tennessee than they would be if those fares were increased to the level of the corresponding interstate fares, and traffic moving under these lower intrastate fares is not contributing its fair share of the revenues required to enable respondents to render adequate and efficient transportation service.

Plaintiffs allege that there is no evidence in the record to the effect that traffic moving under the intrastate fares in Tennessee is not contributing its fair share of the revenues required to enable the carriers to render an adequate and efficient transportation service. It is alleged that, on the contrary, the evidence of record in this matter demonstrates that for the year ending September 30, 1943, the rate of return (before Federal income taxes) of the four railway companies, which are the prime beneficiaries of the increased rates ordered by the defendant Commission, on their investment in railway property used in transportation service plus cash, materials and supplies was as follows:

Cincinnati, New Orleans and Texas Pacific Railway, 17.2 percent;
Southern Railway Company, 15.1 per cent;
Louisville and Nashville Railroad, 15.7 per cent;
Nashville, Chattanooga, and St. Louis Railway, 12.4 per cent.

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On the same basis the total rate of return for all of the eight carriers for which information was available was 12.8 per cent. During the year ending September 30, 1943, the carriers operating in Tennessee earned in excess of a fair return, their present earnings are at even higher levels, and they do not need the revenues from the increase of intrastate fares in order to enable them to earn a fair return. There is no evidence in the record to indicate that the revenues from the present intrastate passenger fares are less than those required to enable respondents to render adequate and efficient transportation service, or that there is any deficiency in respondents' revenues from their passenger and freight traffic considered as a whole. It is further alleged by plaintiffs that the evidence of record in this case is conclusive and undisputed that since 1941 both the average number of passenger cars in each passenger train and the average number of passengers in each passenger car on the major railroads operating in Tennessee have shown a large increase. The number of passenger cars per train has increased in 1942 over 1941 for the Southern Railway by 20 per cent; for the Louisville and Nashville Railroad by 11 per cent; for the Tennessee Central by 36 per cent; and for The Nashville, Chattanooga and St. Louis Railway by 10 per cent. The average number of passengers in each passenger car has increased for the same period as follows:

Cincinnati, New Orleans and Texas Pacific Railway, 102 per cent;
Southern Railway, 71 per cent;
Louisville and Nashville Railroad, 71 per cent;
Tennessee Central Railway, 140 per cent;
Nashville, Chattanooga and St. Louis Railway, 87 per cent.

This has resulted in a large increase in per car earnings for 1942 over those of 1941. The average revenue per passenger car mile in cents has increased as follows: for the Cincinnati, New Orleans and Texas Pacific Railway, from 25 cents to 45 cents, or an increase of 80 per cent; for the Southern Railway, from 29 cents to 46 cents, or an increase of 59 per cent; for the Louisville and Nashville Railroad, from 22 cents to 37 cents, or an increase of 68 per cent; for the Illi-

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nois Central, from 23 cents to 34 cents, or an increase of 44 per cent; for the Tennessee Central Railway, from 11 cents to 25 cents, or an increase of 116 per cent; for The Nashville, Chattanooga and St. Louis Railway, from 21 cents to 37 cents, or an increase of 76 per cent. For the entire Southern Region the first eight months of 1943 reflect a similar increase over 1942 as follows: the average revenue per passenger car mile in the Southern Region increased from 46 cents to 55 cents, or a 19 per cent increase. In each of the above instances the earnings were computed on the basis of 1.65 cents per passenger mile, the present intrastate fare in Tennessee, in order to show the increase, while the former average passenger car mile revenues used are based on the actual average revenues as shown in the reports of the carriers, and vary from 1.60 cents to 2.01 cents per mile, which latter figure is the average revenue per passenger mile for the entire Southern Region for 1942. Plaintiffs further allege that the record in this cause proves that the revenues required by Tennessee carriers to defray expenses of transportation is presently 1.07 cents per passenger mile or less, as compared with the intrastate fare of 1.65 cents per mile. Said requirements may be calculated from evidence in the record in *Docket No. 29037, Exhibit No. 6*, as to 1942 data, filed by the carriers, as follows:

Revenues per coach mile (Ex. 6, p. 16)	48.36c
Multiplied by Passenger Operating Ratio (Ex. 6, p. 10)	63
Expense per coach mile	30.46c
Divided by passenger miles per coach mile (Ex. 6, p. 30)	28.51
Expenses per passenger mile	1.07c

The Interstate Commerce Commission found on Sheet 7, Exhibit B, that:

Four of these respondents had a deficit in 1942.

Plaintiffs allege that the four carriers referred to are among those which have but nominal or negligible interest in this proceeding.

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The Illinois Central, with a deficit of \$578,425, and the Gulf, Mobile & Ohio, with a deficit of \$592,468, already have intrastate coach fares on a level with interstate fares, and would derive no benefit whatever from the ordered increase. Carolina, Clinchfield and Ohio Railway, with a deficit of \$84,999, is predominantly a freight carrier with but negligible passenger business, and would gain from the increased passenger fares in Tennessee only \$2,058 annually on the basis of 1943 operations. Tennessee Central Railway, with a deficit of \$84,185, presented no evidence to show that it would derive any benefit whatever from the increased Tennessee fares. The record manifests that the increase of passenger revenues of this carrier, for 1943 over 1941, was 1,056 per cent, as compared to an increase of but 314 per cent for all eight major carriers; the increase for 1943 over 1942 was 345 per cent as compared to but 93 per cent for the eight Tennessee carriers.

XVI

That said plaintiffs allege, as a matter of law, that the sixth specific finding and conclusion of the Commission, Sheet 21, Exhibit B, is in error and constitutes an incorrect and improper finding, inasmuch as it is not supported by the facts of record in the case, and it is accordingly unconstitutional, as is also the order promulgated pursuant thereto. The finding referred to is in the following terms:

The maintenance of intrastate one-way and round trip coach fares in Tennessee, and of intrastate round-trip fares applicable in sleeping and parlor cars in Tennessee, to the extent that such fares are on a lower level than the corresponding interstate fares, causes and will cause undue and unreasonable advantage to and preference of persons in intrastate commerce, undue and unreasonable disadvantage to and prejudice against persons in interstate commerce, and undue, unreasonable, and unjust discrimination against interstate commerce; and this unlawfulness should be removed by increasing the aforesaid intrastate fares in the [State of Tennessee] to the level of the corresponding interstate fares contemporaneously maintained by

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respondents to, from, and through such [State]; provided, that the aggregate charge made by any of respondents for the intrastate transportation in [such State] shall not exceed the aggregate charge made for like accommodations and for a like distance by the same respondent for interstate transportation, to, from, or through such State.

Plaintiffs allege that said finding is erroneous inasmuch as there is no evidence in the record to support same; it is also a general finding and is not supported by any adequate finding of primary facts; whence it contravenes the Tenth Amendment to the Constitution of the United States, said amendment being in the following terms:

The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.

XVII

That plaintiffs allege, as a matter of law, that the failure of the Commission to make proper findings relative to the Wartime Stabilization Program, declared and promulgated by the Legislative and Executive Branches of the Federal government, is in error. Accordingly, plaintiffs allege, as a matter of law, that the Wartime Stabilization Program is based upon the policy set forth in the Emergency Price Control Act of 1942, 50 U. S. C. A. App. 901 et seq., and the Stabilization Act of October 2, 1942, 50 U. S. C. A. App. 961 et seq. Section 1 (961) of the latter Act sets forth the policy of Congress as follows:

Such stabilization shall so far as practicable be on the basis of the levels which existed on February 15, 1942. The President may thereafter provide for making adjustments to the extent that he finds necessary to aid in the effective prosecution of the war or to correct gross inequities.

Thereafter the President of the United States issued Executive Order No. 9328 in which all regulatory agencies, including the

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plaintiff Railroad and Public Utilities Commission of the State of Tennessee, were directed to allow no rate or fare increases unless the necessity for such increases be shown. In obedience to the statutes enacted and to the Order of the President, the Railroad and Public Utilities Commission of the State of Tennessee refused to allow increases in the fares of the respondent railroads, which had failed to show any necessity for such an adjustment. The findings of the Commission in this case further show that the fare of 1.5 cents per mile was the proper fare under the experiments made prior to the war, for a maximum fare which would create traffic during a peacetime period, and that a higher fare was not practical at such a time because of competition from motor carriers and privately operated automobiles. Accordingly, if it had allowed the railroads to increase their rates during wartime conditions, when the railroads do not need added revenues, to the same extent that they have needed them during peacetime, and when the lack of competition from motor vehicles alone makes the increases practicable, the Tennessee Railroad and Public Utilities Commission would have been allowing the railroads to make unreasonable profits by taking advantage of public or national need for transportation facilities during the war. The Emergency Price Control Act of 1942 expressly declared that prevention of such unreasonably high profits is in the interest of the national defense and security and necessary to the effective prosecution of the war.

XVIII

That plaintiffs allege, as a matter of law, that the report and findings of the Commission are erroneous and improper, inasmuch as they fail to reflect that the evidence and proof in the record show undisputedly that the railroads operating in Tennessee are earning excess profits. It is alleged, as a matter of law, that the National Transportation Policy, as stated in the Interstate Commerce Act and particularly in Section 15a (2) thereof is to be read in the light of other legislative acts which enunciate national policy. Legislation has been enacted which provides for excess profits taxes, and this tax

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embodies a legislative pronouncement of national policy. In its failure to except railroads from the application of such excess profits taxes, Congress wrote into The National Transportation Policy a declaration by inference, that the development and preservation of a national transportation system by rail, highway, and water does not require nor call for excessively high profits for the railroads during the period of war, as compared with the average earnings for the base period for the years from January 1, 1936, to January 1, 1940, this period being the base by which excessive profits are to be measured in order that excess profits taxes may be imposed. The record in the present case shows that during the base years referred to there were net railway operating deficits from the passenger operations of the eight principal Tennessee railroads herein, these aggregate deficits being in the following amounts: 1936, deficit, \$19,290,859; 1937, deficit, \$17,838,577; 1938, deficit, \$19,566,771; and 1939, deficit, \$19,972,298. Accordingly, the average net railway operating deficit for these four base years was approximately \$19,167,126. The record also shows that the net railway income from passenger operations of these eight principal carriers for the year 1942 was \$11,802,470. Accordingly, the record indicates that the excess profits derived from the war by these eight railroads are more than \$30,000,000. Under these circumstances, any additional amount which the said carriers would derive as the result of an increase of intrastate fares would simply enhance these excessive earnings and unreasonable profits of the carriers. The legislative pronouncement as to fair profits and fair returns in wartime is embodied in the Excess Profits Tax Act of 1942, and by this criterion the carriers in Tennessee are earning from their passenger operations far in excess of a fair and adequate return, and, indeed, are earning excessive profits.

XIX

That plaintiffs allege, as a matter of law, that the report, findings and conclusions of the Commission are erroneous in the following respects: the plaintiffs made the contention on the hearing before the Interstate Commerce Commission that the added expense of

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operation of, the railroads due to their movement of troop trains is interstate in nature, and that such increases in the cost of interstate traffic may not properly be used to support a finding that intrastate traffic does not produce its fair share of the earnings required by respondent carriers to enable them to provide adequate and efficient railway transportation service. The Commission erroneously ignored this contention and the evidence introduced to support same; however, as to the same contention advanced by the Alabama Commission in the companion Alabama case, which is treated in the same report and findings, the Commission made the following finding, conclusion, and statement on Sheet 15, Exhibit B:

Protestant points out that much of the added expense of the operations of some of respondents arises in connection with or is due to the movement of troop trains, and that these are interstate movements; and it contends that civilian intrastate fares should not be increased to assist in bearing that burden. To concede the correctness of this contention might be to impair the effectiveness of the provisions of section 15a relative to adequate and efficient railway service, and to defeat the national transportation policy as declared in 54 Stat. L. 899, relative to developing, coordinating, and preserving a national transportation system adequate to meet the needs of the commerce of the United States, of the postal service, and of the national defense, and requiring that all of the provisions of the Interstate Commerce Act shall be administered and enforced with a view to carrying out the stated declaration of policy.

Plaintiffs allege that the foregoing finding must be accepted as the finding which the Commission applies to the same contention in Tennessee and that this finding is erroneous and not supported by the law and facts, and accordingly the order based upon said finding is unconstitutional and in violation of the Tenth Amendment to the Constitution of the United States. Plaintiffs allege that it is necessary before the Interstate Commerce Commission can proceed to set aside intrastate rates as a burden upon interstate commerce, that a finding be made, supported by the record, that these rates do not contribute their fair share of the cost of rendering adequate and

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efficient transportation service. The record in this case undisputedly discloses that the expense of transportation service is high at present because of the large expense of rendering the interstate troop train service; accordingly, this is not a part of the expense which lawfully is to be charged to the fair share of intrastate expense. The defendant Commission made the following findings on Sheets 8 and 9, Exhibit B, as to increased expenses due to movement of troop trains, these findings conclusively showing that the Commission based its order upon such increased expenses due to interstate troop movements:

Wartime operations have placed added burdens on the passenger departments and facilities of respondents and resulted in unusual expenses, such as for safeguarding operations and providing expedited movements of troop trains. For example, during November 1943, the Southern operated 353 troop trains, and 1,178 cars with troops were operated by it in regular trains. A special representative of the railroad rides each troop train. Much dead-head movement of equipment is necessary in assembling cars for these troop movements and in returning them to the points where they will again be needed, and additional terminal switching costs are incurred. Troop movements are given preference over all freight trains and certain passenger trains, and this occasions delays to freight and passenger trains, with resulting increased costs in wages and fuel therefor. Some of these expenses are reflected in the freight accounts of respondents. Their general offices must be kept open in some instances 24 hours a day and in others from 12 to 16 hours in order to make provision for troop movements, thus requiring the services of a greater number of employees and resulting in increased expenses. On troop movements the Government does not pay the full published fare, but is allowed a discount of 5 percent from commercial fares, except where the movement is by a route over which land-grant deductions are applicable, in which event the deduction allowed is 50 percent of the commercial fare, plus a further deduction of 3 percent. There is no land-grant mileage in North Carolina, Kentucky, or Tennessee, but there is considerable such mileage in Alabama.

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The record in the cause sustains the fact that such increased expenses have been incurred and also that the entire movement of troop trains in Tennessee was interstate, there being virtually no intrastate movement of troop trains within the state. It is alleged, as a matter of law, that all of such increased expense must properly be charged to interstate operations, and intrastate operations are not to be burdened by this additional expense as this is not a part of their fair share of the earnings required by the respondent carriers to enable them to provide adequate and efficient railway transportation service, both interstate and intrastate.

XX

That plaintiffs allege, as a matter of law, that the second specific finding of the Commission, on Sheet 20, Exhibit B hereto, in which it is found that the Tennessee intrastate coach fares are lower than the corresponding interstate and certain intrastate coach fares in southern territory, is inadequate and insufficient in and of itself to support the corrected order of the Interstate Commerce Commission. The mere existence of a disparity between fares on intrastate and interstate traffic does not justify the defendant Commission in overriding the lawful order of the Railroad and Public Utilities Commission of the State of Tennessee and prescribing intrastate rates. Plaintiffs allege, as a matter of law, that taken as a whole the findings of the Interstate Commerce Commission are not sufficient to support the order herein sought to be enjoined.

XXI

That if the order herein sought to be enjoined, set aside, and annulled should become effective, plaintiffs would suffer immediate and irreparable injury and damage, in that the powers and jurisdiction of the State of Tennessee, reserved to it under the provisions of the Tenth Amendment to the Constitution of the United States, and the delegated powers and jurisdiction of the Railroad and Public

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Utilities Commission of the State of Tennessee, guaranteed by the Constitution of the United States, to regulate the rates for intrastate transportation of passengers in Tennessee, would be destroyed, nullified, and subverted; likewise, Tennessee coach passengers would suffer irrevocable loss and damage, in that they would have no means of recovering from the Tennessee railroads the increases in transportation charges, which increases in the aggregate amount to more than \$550,000 annually.

WHEREFORE, and in consideration of the premises, plaintiffs pray:

1. That process in due form issue against the defendants, the United States and the Interstate Commerce Commission, and be served, together with copy of this complaint and the exhibits thereto attached, upon the United States Attorney for the Western District of Kentucky, upon the Department of Justice of the United States at Washington, District of Columbia, and upon the Interstate Commerce Commission at Washington, District of Columbia.
2. That the Court temporarily restrain or suspend the corrected order of the Interstate Commerce Commission dated May 8, 1944, and effective July 1, 1944, as provided in Section 46, Title 28 of the United States Code, in order that the plaintiffs herein may not suffer an irreparable injury and that the intrastate passengers by rail within the State of Tennessee may not suffer an irreparable loss and injury.
3. That a three-judge court be convened, as provided by statute and that a hearing be granted in due season to the end that irreparable damage to the plaintiffs and to intrastate passengers by rail within the State of Tennessee may be prevented by the issuance of a temporary restraining order and an interlocutory injunction.
4. That an interlocutory injunction, in addition to a temporary stay of the Commission's order as aforesaid, be issued restraining.

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inhibiting, and enjoining the United States and the Interstate Commerce Commission from enforcing and executing said corrected order of the Interstate Commerce Commission dated May 8, 1944, and effective July 1, 1944.

5. That on the hearing of this cause a permanent injunction be issued restraining, inhibiting and enjoining the enforcement, operation, and execution of said corrected order of the Interstate Commerce Commission.

6. That the corrected order of the Interstate Commerce Commission, dated May 8, 1944, and set forth as Exhibit A hereof, be set aside and annulled.

7. That the Court grant such other, further, and general relief as the plaintiffs may be entitled to in the premises.

LEON JOUROLMON, JR.

123 Memorial Building,

Nashville, Tennessee

Attorney for Plaintiffs

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STATE OF TENNESSEE
COUNTY OF DAVIDSON

} Set:

Porter Dunlap, being duly sworn, deposes and says that he is the Chairman of the Railroad and Public Utilities Commission of the State of Tennessee; that he is authorized and empowered to make this affidavit on behalf of plaintiffs; that he has read the foregoing complaint and knows the contents thereof; and that the same are true, as he verily believes.

PORTER DUNLAP

Subscribed and sworn to before me by Porter Dunlap on the 9th day of June, 1944.

OCT 4 1947

My commission expires

REBECCA McDANIEL
Notary Public

**In the District Court of the United States
For the Western District of Kentucky**

**THE STATE OF TENNESSEE and PORTER DUNLAP, LEON
JOUROLMON, JR., and JOHN C. HAMMER, Constituting the
RAILROAD AND PUBLIC UTILITIES COMMISSION of the
STATE OF TENNESSEE**

Plaintiffs

Versus

**THE UNITED STATES and the INTERSTATE COMMERCE
COMMISSION**

Defendants

EXHIBITS

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EXHIBIT A

CORRECTED ORDER

At a General Session of the INTERSTATE COMMERCE COMMISSION, held at its office in Washington, D. C., on the 8th day of May, A.D. 1944.

No. 28963

ALABAMA INTRASTATE FARES

No. 29000

KENTUCKY INTRASTATE FARES

No. 29036

NORTH CAROLINA INTRASTATE COACH FARES

No. 29037

TENNESSEE INTRASTATE FARES

These proceedings having been duly heard and submitted by the parties, and full investigation of the matters and things involved having been made, and the Commission, on March 25, 1944, having made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof; and

It appearing, That as set forth in said report, and in accordance with the practice in such proceedings, the Commission left to respondents herein and the respective State Commissions, for a period of 30 days from March 30, 1944, the date of service of said report, the matter of adjusting the intrastate passenger fares under consideration in these proceedings to conform to the findings and conclusions made in said report, and that no such adjustment of the said intrastate fares has been made or authorized by the respective State Commissions:

It is ordered, That respondents in each of these proceedings, according as they participate in the transportation, be, and they are hereby, notified and required to cease and desist, on or before July 1, 1944, upon notice to this Commission and to the general public by not less than 30 days' filing and posting in the manner prescribed in section 6 of the Interstate Commerce Act, and thereafter to abstain, from practicing the undue prejudice and preference and the unjust discrimination found in said report to exist.

It is further ordered, That said respondents, according as they participate in the transportation, be, and they are hereby, notified and required to establish, on or before July 1, 1944, upon notice to this Commission and to the general public by not less than 30 days' filing and posting in the manner prescribed in section 6 of the Interstate Commerce Act, and thereafter to maintain and apply, passenger fares for intrastate transportation in the respective States which shall be on bases no lower than the

passenger fares presently maintained and applied by the respective respondents for like accommodations in interstate transportation to, from, and through the respective States; provided, that the resulting aggregate charge made by any of said respondents for intrastate transportation in any of the States shall not exceed the aggregate charge made for like accommodations and for a like distance by the same respondent in interstate transportation to, from, or through such State.

And it is further ordered, That this order shall continue in force until the further order of the Commission.

By the Commission.

(SEAL)

W. P. BARTEL, Secretary.

EXHIBIT B

INTERSTATE COMMERCE COMMISSION

No. 28963¹

ALABAMA INTRASTATE FARES

Submitted February 18, 1944

Decided March 25, 1944

Intrastate passenger fares in Alabama, Kentucky, North Carolina, and Tennessee, where lower than the corresponding interstate fares, found to cause undue advantage, preference, and prejudice as between persons in intrastate commerce on the one hand and interstate commerce on the other, and unjust discrimination against interstate commerce.

William C. Burger, Charles Clark, Joseph P. Cook, James B. Gray, Frank W. Gwathmey, Y. D. Lott, Jr., Edward D. Mohr, W. A. Northcutt, L. L. Oliver, and Charles P. Reynolds for respondents.

Hugh White, W. C. Harrison, Gordon Persons, J. G. Bruce, and Norwood Johnson for Alabama Public Service Commission; *Hubert Meredith and M. B. Holifield* for Commonwealth of Kentucky; *Frank L. McCarthy, Jack E. Fisher, Mrs. John W. Langley, and J. E. Marks* for Railroad Commission of Kentucky; *Stanley Winborne, Fred C. Hunter, R. G. Johnson, F. C. Hillyer, and H. M. Nicholson* for North Carolina Utilities Commission; and *Leon Jourolmon, Jr., and J. O. Hendley* for Railroad and Public Utilities Commission of Tennessee.

¹This report also embraces No. 29000, Kentucky Intrastate Fares; No. 29036, North Carolina Intrastate Coach Fares; and No. 29037, Tennessee Intrastate Fares.

M. D. Miller, George J. Burke, David F. Cravers, Warren Price, Jr., Richard H. Field, and Bernard M. Fitzgerald for Price Administrator and Economic Stabilization Director.

James E. Burkett, W. R. McDonald, Crawford L. Pilcher, A. J. Young, Frank L. McCarthy, J. E. Marks, W. H. Amerine, F. C. Hillyer, and Henry M. Johnson for other interveners.

REPORT OF THE COMMISSION

BY THE COMMISSION:

These proceedings were heard and briefed separately, but were orally argued together. They embody similar issues, upon which the evidence adduced in the respective proceedings is substantially similar, and will be disposed of in one report.

They are investigations instituted upon petitions by the rail carriers operating, respectively, in Alabama, Kentucky, North Carolina, and Tennessee, to determine whether the refusal of the

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regulatory authorities of those States to authorize or *permit the application to the transportation of passengers traveling intrastate therein of fares and charges corresponding to those established for interstate application on October 1, 1942, causes any undue or unreasonable advantage, preference, or prejudice as between persons or localities in intrastate commerce on the one hand, and interstate or foreign commerce on the other, or any undue, unreasonable, or unjust discrimination against interstate or foreign commerce; and to determine what fares and charges, if any, or what maximum or minimum or maximum and mini-

mum fares and charges, should be prescribed to remove such advantage, preference, prejudice, or discrimination, if any, as might be found to exist. All common carriers by railroad operating within Alabama, Kentucky, North Carolina, and Tennessee subject to our jurisdiction were made respondents, and those States were notified of these proceedings.

The regulatory Commissions of the respective States intervened each in the proceeding wherein lies its chief interest; the Price Administrator in behalf of himself and the Director of Economic Stabilization intervened in all of the proceedings; and several other persons or associations of persons or corporations appeared in one or more of the proceedings to protest against any increase in fare.

History of Rail Fares.—In southern passenger association territory, hereinafter referred to as southern territory, which generally speaking is that territory east of the Mississippi River and south of the Ohio and Potomac Rivers, the basis of one-way fares from April 1, 1908, to June 9, 1918, was generally 2.5 cents per mile in all classes of equipment. On June 10, 1918, under an order of the Director General of Railroads, the fare was increased to 3 cents per mile in all classes of equipment. This fare remained in effect until August 25, 1920, but during the period June 10 to November 30, 1918, an additional charge of 16-2/3 percent of the one-way fare was assessed for travel in sleeping and parlor cars. From August 26, 1920, to November 30, 1933, the fare generally was 3.6 cents per mile in all classes of equipment, plus a surcharge on transportation in sleeping and parlor cars on and after December 1, 1918, of 50 percent of the charge made for space occupied in such cars.

During 1932 and 1933 certain of the carriers operating in southern territory experimented with fares lower than 3.6 cents in attempts to attract additional passenger business in competi-

tion with transportation by private automobiles and in busses. For example, from April 1 to November 30, 1933, experimental one-way fares of 3 cents per mile in sleeping or parlor cars, without a surcharge, and 2 cents per mile in coaches, were maintained by the Atlanta and West Point Rail Road Company, The Western Railway of Alabama, Mobile and Ohio Rail Road Company (now part of the Gulf, Mobile and Ohio Railroad Company), Louisville and Nashville Railroad Company, and The Nashville, Chattanooga & St. Louis Railway. During the same period the Southern Railway System lines were experimenting with coach fares of 1.5 cents per mile on certain portions of their lines.

On December 1, 1933, most of the lines in southern territory established experimental fares of 3 cents per mile in sleeping and parlor cars, without a surcharge, and 1.5 cents per mile in coaches, which remained in effect through November 14, 1937. However, a number of railroads kept their one-way coach fares at 2 cents per mile during this period, but met the 1.5-cent fares

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*maintained by other roads where competition made that necessary. Among the lines which retained the 2-cent coach fare during this period were the Illinois Central Railroad Company, Mobile & Ohio, and the St. Louis-San Francisco Railway Company (J. M. Kurn and Frank A. Thompson, Trustees).

In *Passenger Fares and Surcharges*, 214 I.C.C. 174, decided February 28, 1936, we reviewed railroad passenger fares throughout the nation, and found the basic fares to be unreasonable. We prescribed maximum reasonable fares of 2 cents per mile, one way and round trip, in coaches, and 3 cents per mile, one way and round trip, in standard pullman cars, without prejudice to the maintenance of lower fares in coaches or pullman cars.

The pullman surcharge was found unreasonable and its cancellation was required. The existing experimental fares in southern territory were found not unreasonable or otherwise unlawful.

On November 15, 1937, the carriers which had been maintaining the experimental coach fare of 1.5 cents increased that fare to 2 cents per mile, but restored the 1.5-cent fare on January 15, 1939. Again, certain of the southern lines, including the Illinois Central, Mobile & Ohio, St. Louis-San Francisco, and Norfolk and Western Railway Company, retained the 2-cent fare basis.

By order of January 21, 1942, in Ex Parte No. 148, we found that a nation-wide increase of 10 percent in fares proposed by the railroads was necessary to enable the petitioners to continue to render adequate and efficient transportation service during the national emergency, and that the proposed increased fares would be reasonable and otherwise lawful. See *Increased Railway Rates, Fares, and Charges, 1942*, 248 I.C.C. 545, 565, 566, where the foregoing findings were renewed and affirmed.

The reestablished coach fares of 1.5 cents remained in effect until February 10, 1942, on which date the 10 percent increase in fares for transportation in both coaches and pullman cars became effective. On that date fares of 1.5 cents became 1.65 cents; fares of 2 cents became 2.2 cents; and fares of 3 cents became 3.3 cents. The round-trip fares were modified to reflect the increase in the one-way fares. On various subsequent dates these increased fares also became effective on intrastate traffic in all of the States.

On July 14, 1942, the railroads operating in southern territory filed with us a petition for authority to increase their lower fares for interstate one-way transportation in coaches in that territory to 2.2 cents a mile, the basis of the coach fares then in

effect generally throughout the remainder of the United States. Having found in *Passenger Fares and Surcharges, supra*, that 2 cents per mile was a reasonable basic coach fare for application on railroads generally throughout the country, including the lines of petitioners, we authorized petitioners by our order of August 1, 1942, to apply the increase of 10 percent approved in Ex Parte No. 148 to a basic fare of 2 cents per mile, and modified accordingly the original order in the latter proceeding. Pursuant to that authority, one-way coach fares of 2.2 cents a mile were published to become effective October 1, 1942, on interstate traffic. Effective on the same date the railroads generally

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*throughout southern territory, published a uniform basis of interstate round-trip fares to displace the round-trip fares theretofore in effect, namely, in coaches on the basis of 180 percent of the one-way fare of 2.2 cents, or 1.98 cents a mile with a return limit of 3 months; and in sleeping and parlor cars on the basis of $166\frac{2}{3}$ percent of the one-way fare of 3.3 cents in such cars, or 2.75 cents a mile, with a return limit of 3 months. The increased fares proposed for application in southern territory were protested and suspension of their operation was requested by the Price Administrator, but we declined to suspend. The fares so increased are now in effect on interstate traffic.

Thereafter, with the approval of the rate regulatory authorities of those States, the intrastate one-way and round-trip coach fares and the round-trip fares in sleeping and parlor cars were increased to the respective levels of the corresponding interstate fares in Florida, Georgia, Louisiana, Mississippi, Virginia, and South Carolina, and the round-trip fares in sleeping and parlor cars were increased to the level of the interstate fares in such cars in North Carolina and Kentucky. The rate regulatory au-

thorities of Alabama, North Carolina, Tennessee, and Kentucky have declined to authorize the increases sought by the railroads in one-way and round-trip coach fares in those States, and the rate regulatory authorities of Alabama and Tennessee have also refused to authorize the increases in the round-trip fares in sleeping and parlor cars. It is those fares in the four States last named which are here under investigation.

As a basis for a finding of violation of section 13(4) of the act, the interstate fares must be shown to be reasonable. *Georgia Public Service Comm. v. United States*, 283 U. S. 765; *United States v. Louisiana*, 290 U. S. 70. Therefore, before proceeding to a consideration of the evidence submitted in the respective proceedings bearing directly upon the issues under section 13(4), we shall first consider the evidence bearing upon the reasonableness of the interstate fares.

LEVEL OF THE INTERSTATE FARES

Comparing the interstate one-way coach fare of 2.2 cents with basic fares in effect at various times during the period from April 1, 1908, to November 30, 1933, it will be seen that the fares in effect from April 1, 1908, to June 9, 1918, were 13.6 percent higher than the present fares; those in effect June 10, 1918, to August 25, 1920, were 36.4 percent higher; and those in effect August 26, 1920, to November 30, 1933, were 63.6 percent higher. The 1.5-cent fare in effect from December 1, 1933, to November 14, 1937, and from January 15, 1939, to February 9, 1942, was a subnormal fare maintained primarily to attract traffic that had been diverted chiefly to private automobiles.

When in *Passenger Fares and Surcharges*, *supra*, in 1936, we reduced the basic interstate coach fares throughout the nation from 3.6 to 2 cents, we gave consideration to the element of what

the traffic will bear in the light of the competition from private automobiles (page 231), and in our summary of fact findings said (page 255):

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*9. Changed economic conditions, including reduced commodity prices and average income, together with the generally cheaper cost and greater convenience of travel by highway, have so affected the value of the rail passenger service to the public that a fare basis which was reasonable maximum before severe highway competition, and especially before the fall in recent years in commodity prices and average income, is out of harmony with present-day conditions.

Economic conditions since then have greatly changed, and the railroads today, instead of trying to attract passenger traffic, are endeavoring to discourage unnecessary travel, and are co-operating with the Office of Defense Transportation in its effort to avoid the rationing of passenger travel. As hereinabove mentioned, in our order of January 21, 1942, we found that the increased fares would be reasonable, and affirmed that finding in our report of March 2, 1942. In a report on further hearing, 255 I.C.C. 357, decided April 6, 1943, wherein we suspended the operation of the increases that had been authorized on freight rates, we declined to suspend their operation on passenger fares. We there found, pages 394-5:

Governmental authorities, particularly the Office of Defense Transportation, have urged the public not to travel except when the journey is related to the war effort or is for an essential purpose. A reduction in the standard passenger fares would tend to encourage travel which

is unnecessary and unrelated to the prosecution of the war. With passenger facilities taxed to their capacity, any substantial increase in such unnecessary travel inevitably would hasten the rationing of passenger travel.

We found, further, that passenger traffic had failed for many years to pay its proper share of railway expenses, and that only with a large volume of passenger traffic was the 1942 passenger deficit currently eliminated as to most of the railroads. Respondents herein presented statistics of their revenues, expenses, and income, together with other data, designed to support that finding as to them.

The aggregate net railway operating income or deficit from passenger operations of the 5 principal respondents in No. 29036 for recent years was as follows:

1936, deficit	\$10,997,768
1937, deficit	10,231,812
1938, deficit	12,916,499
1939, deficit	12,464,628
1940, deficit	12,548,190
1941, deficit	3,436,130
1942, income	24,630,302
Average, deficit	5,423,532

Two of these respondents² had a deficit from passenger opera-

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tions in 1942. The freight and passenger operating ratios, *respectively, of 6 of the respondents in that proceeding averaged as follows: 1936, 65 and 120; 1937, 67 and 117; 1938, 67 and

²Carolina, Clinchfield and Ohio Railway, \$84,999; Norfolk Southern Railway Company, \$134,600.

125; 1939, 64 and 124; 1940, 64 and 123; 1941, 60 and 101; and 1942, 55 and 63.

The passenger operating revenues of the 5 principal respondents in that proceeding during the 12 months ended October 31, 1943, were substantially greater than those for the year 1942. As estimated by witness for the Price Administrator, the passenger operating ratio of those respondents and of respondents Louisville & Nashville and Norfolk and Western Railway Company for the first 9 months of 1943, unlike that for 1942, was somewhat more favorable than the freight operating ratio of these roads for the same period. That protestant also submitted evidence intended to show that, on their combined freight and passenger operations for the 12 months ended October 31, 1943, these 7 respondents are earning before Federal income taxes more than a fair return on various book investment bases computed by his witness, and are not in need of the additional revenue which the proposed increased intrastate fares are expected to produce.

The net railway operating income from passenger operations of the 12 principal respondents in No. 28963 is shown below:

1936, deficit	\$30,134,958
1937, deficit	27,420,877
1938, deficit	32,463,290
1939, deficit	31,758,549
1940, deficit	32,933,304
1941, deficit	19,426,424
1942, income	31,566,377
Average, deficit	20,341,576

Two of these respondents³ had a deficit in 1942. The freight

³Atlanta, Birmingham and Coast Railroad Company, \$345,762; Gulf, Mobile & Ohio, \$592,468.

and passenger operating ratios, respectively, of these 12 respondents averaged as follows: 1936, 67 and 126; 1937, 69 and 121; 1938, 68 and 128; 1939, 66 and 128; 1940, 67 and 127; 1941, 62 and 107; and 1942, 58 and 68. The passenger operating ratio of 1943 was lower than for 1942.

The aggregate net railway operating income from passenger operations of the 7 principal respondents in No. 29000 was as follows:

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*1936, deficit	\$22,763,721
1937, deficit	21,078,023
1938, deficit	24,220,376
1939, deficit	24,189,043
1940, deficit	25,748,961
1941, deficit	18,387,738
1942, income ⁴	11,118,537
Average, deficit	17,895,617

The freight and passenger operating ratios, respectively, of these respondents averaged as follows: 1936, 59 and 128; 1937, 63 and 130; 1938, 62 and 131; 1939, 61 and 132; 1940, 60 and 136; 1941, 57 and 115; and 1942, 56 and 74.

The aggregate net railway operating income from passenger operations of the 8 principal respondents in No. 29037 appears below:

1936, deficit	\$19,290,859
1937, deficit	17,838,577
1938, deficit	19,566,771

⁴Respondents' exhibit shows a deficit for the Chesapeake & Ohio Railway Company of \$1,562,533. However, the annual report of that respondent to this Commission shows a profit of \$434,381.

1939, deficit	19,972,298
1940, deficit	21,587,906
1941, deficit	14,225,973
1942, income	11,802,470
 Average, deficit	 14,239,972

Four of these respondents⁵ had a deficit in 1942. The freight and passenger operating ratios, respectively, of 11 of the respondents in No. 29037 averaged as follows: 1936, 65 and 129; 1937, 68 and 124; 1938, 66 and 131; 1939, 65 and 132; 1940, 64 and 133; 1941, 60 and 111; and 1942, 58 and 72.

The passenger coach revenues of all class I railroads in the southern region⁶ for the first 7 months of 1943 were substantially in excess of those for the corresponding months of 1942 and 1941, and the increases in the revenues from coach traffic were greater than the increases during the same period in the revenues of these railroads from sleeping and parlor-car fares. So, also, for the first 10 months of 1943, the latest available statistics of this kind, which were stipulated of record by the parties at the oral argument, the increase in the passenger coach revenues of these carriers over those for the corresponding period of 1942 was 128.5 percent, as compared with an increase of 30.2 percent in the parlor and sleeping-car revenues.

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*The statistics in the regular monthly reports as made to us by the class I railroads were made a part of the record by stipu-

⁵Illinois Central, \$578,425; Tennessee Central Railway Company, \$84,185; Gulf, Mobile & Ohio; and Elginfield.

⁶The boundaries of the southern region are generally the same as those of southern passenger association territory, except that the southern region does not embrace any portion of Virginia or West Virginia.

lation at the oral argument. The latest such reports now on file with and available to us are for the month of December, 1943. Compared with the same month in 1942, that month resulted in an increase of 0.2 percent in freight revenue and 32.8 percent in passenger revenue for the southern region and 7.4 and 27.2 percent, respectively, for the country, but in a reduction in net railway operating income from all rail operations of 61.4 percent for the southern region and 55.9 percent for the country. For the year 1943 the increase over 1942 was 13.3 percent in freight revenue and 67.9 percent in passenger revenue for the southern region and 14.1 and 60.8 percent, respectively, for the country, but the net railway operating income fell below that for 1942 by 9 and 8.3 percent, respectively. The monthly increases over the corresponding months of the preceding year in the passenger revenues of the railroads of the country, including those in the southern region, have been quite steadily declining. Thus, in July, 1943, that increase was 74.4 percent for the southern region and 70.4 percent for the country, and in December of that year it was 32.8 and 27.2 percent, respectively. Also, the net railway operating income has steadily declined from a deficit compared with that for the same month of the preceding year of 12.1 percent for the southern region and 9.7 percent for the country in July, to 61.4 and 55.9 percent, respectively, for December; so that, due to increased expenses and taxes, the net railway operating income of the railroads in the southern region dropped from \$28,578,717 in December, 1942, to \$11,035,492 in December, 1943.

During recent years the principal respondents herein have expended large sums of money in remodeling and air-conditioning their passenger equipment. For example, the Southern has air-conditioned or purchased new, with air-conditioning facilities, 189 coaches. It has purchased 6 two-car Diesel units and 16 Diesel-powered locomotives for passenger-train service. The

Seaboard has air-conditioned and modernized 71 coaches and 23 combination passenger and baggage cars and 33 dining cars.

Wartime operations have placed added burdens on the passenger departments and facilities of respondents and resulted in unusual expenses, such as for safeguarding operations and providing expedited movements of troop trains. For example, during November, 1943, the Southern operated 353 troop trains, and 1,178 cars with troops were operated by it in regular trains. A special representative of the railroad rides each troop train. Much dead-head movement of equipment is necessary in assembling cars for these troop movements and in returning them to the points where they will again be needed, and additional terminal switching costs are incurred. Troop movements are given preference over all freight trains and certain passenger trains, and this occasions delays to freight and passenger trains, with resulting increased costs in wages and fuel therefor. Some of these expenses are reflected in the freight accounts of respondents. Their general offices must be kept open in some instances

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24 hours a day and in *others from 12 to 16 hours in order to make provision for troop movements, thus requiring the services of a greater number of employees and resulting in increased expenses. On troop movements the Government does not pay the full published fare, but is allowed a discount of 5 percent from commercial fares, except where the movement is by a route over which land-grant deductions are applicable, in which event the deduction allowed is 50 percent of the commercial fare, plus a further deduction of 3 percent. There is no land-grant mileage in North Carolina, Kentucky, or Tennessee, but there is considerable such mileage in Alabama.

The large increase in passenger traffic has made necessary a marked expansion of ticket-selling forces. Most of the through trains are operated in two sections, requiring the use of two full crews; additional ticket helpers and porters have been employed on all through trains; and at the principal passenger terminals train-dispatching, platform, switching, roadway, mechanical, and equipment-repair forces have been greatly augmented. Because of the war, respondents are experiencing great difficulty in obtaining competent help.

The average hourly rate of compensation in 1942 of all employees of the principal respondents in these proceedings ranged from about 24 to 27 percent higher than in 1936. At the time of the hearings there were pending demands by the railroad operating and non-operating unions for wage increases, including the retroactive application of certain of such increases to February 1, 1943. We may notice officially that wage increases have since been granted and are now being paid. Since we prescribed the 2-cent basic coach fare as reasonable in 1936, there has been a substantial increase in the cost of materials and supplies used by railroads in the southern region, ranging from 22 percent for iron and steel products to 48 percent for lumber and other forest products. Also, since then the railway tax accruals of respondents have greatly increased. For example, those of the 14 respondents in No. 28963 increased, in round figures, from \$34,400,000 in 1936 to \$170,500,000 in 1942, or by 395 percent. Such accruals apportioned to the passenger service of 12 of those respondents, under our formula, increased in those years by 244 percent.

On or about October 1, 1942, upon request of the Government, respondents and other railroads generally established for both interstate and intrastate travel reduced round-trip coach fares on the basis of 1.25 cents a mile, available only to personnel of the Army, Navy, Marine Corps, Coast Guard, Women's Naval

Reserves, Women's Army Corps, Women's Coast Guard Reserves, and Women's Marine Corps Reserves, traveling in uniform and at their own expense when on official leave, furlough, or pass; also to nurses when not traveling in uniform, upon presentation of proper identification, and under similar conditions to personnel of the military forces of the allied nations. Respondents do not propose to increase any of those fares.

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*The large increase in the passenger traffic and revenues of these respondents in the last two years, over the years prior to 1942 when they were incurring deficits from their passenger operations, was similar to that in the same years on practically all of the railroads of the country. The important facts in that respect differ little from those found in our report on further hearing in Ex Parte No. 148. We there pointed out that many of the factors making for increased passenger travel apparently would continue in 1943, such as inductions into the armed forces of great numbers of persons and the travel of men and women in the armed services and their relatives, together with greatly increased movement of Army troop trains. The prospect of further increases in rail passenger traffic and revenues was thus recognized and considered by us in reaching our conclusion that no modification of our previous findings, orders, and authorizations respecting these fares was necessary.

In July, 1943, the North Carolina Utilities Commission filed with us a petition for a general investigation on our own motion of the lawfulness of the interstate coach fares to, from, and through North Carolina. That petition, together with petitions dated July 31, 1943, of the Price Administrator and August 27, 1943, of the Alabama Public Service Commission for a general investigation of the reasonableness, under present conditions, of

the interstate coach fares of all of the railroads in southern territory, was denied by our order of October 11, 1943. The present interstate fares, one-way and round-trip, are either the equivalent of, or are less than, the maximum basic fares found reasonable in *Passenger Fares and Surcharges, supra*, plus the 10 percent increase authorized in Ex Parte No. 148. These one-way fares are now in effect on interstate and intrastate traffic throughout the entire country, except intrastate in these four states, and the round-trip fares are now in effect on interstate and intrastate traffic throughout all of southern territory, except intrastate in the several States the fares in which are here before us. It is a well-settled rule that the most helpful evidence in determining the reasonableness of rates or fares is comparison with other rates or fares for like services. The record does not warrant any modification of our conclusion in the report on further hearing in Ex Parte No. 148 with respect to the passenger fares of these respondents.

*[Docket No. 28963—Sheet 11]

*THE RELATION OF THE INTRASTATE FARES

The intrastate fares in Alabama, Kentucky, North Carolina, and Tennessee, with certain exceptions about to be mentioned, were on the same basis as the interstate fares for more than 34 years prior to October 1, 1942. From April 1, 1908, to June 9, 1918, the basis of the one-way intrastate and interstate fares was 2.5 cents a mile in all classes of equipment. On June 10, 1918, under an order of the Director General of Railroads, that fare basis was increased to 3 cents and so remained until August 26, 1920. On that date the interstate fare, and shortly thereafter the intrastate fares, became 3.6 cents in all classes of equipment, plus a surcharge for passengers traveling in sleeping and parlor cars of 50 percent of the charge for space occupied in such

cars. This basis was continued until the above-mentioned experimentation with lower fares began in 1932 and 1933, and thereafter until October 1, 1942, the intrastate fares in all four of these States were generally on the same basis as the interstate fares.

On October 1, 1942, as stated, the interstate one-way fares became 2.2 cents in coaches and continued at 3.3 cents in sleeping and parlor cars, and the round-trip fares became 180 percent of the one-way fares with a return limit of 3 months for coaches and 166-2/3 percent of the one-way fares with a return limit of 3 months for parlor and sleeping cars. These are the interstate fares now in effect.

The Alabama intrastate one-way fares of respondents were, on October 1, 1942, and still are, 3.3 cents in sleeping and parlor cars and 1.65 cents in coaches, except that the Gulf, Mobile & Ohio, Illinois Central, and St. Louis-San Francisco maintain coach fares of 2.2 cents other than in instances where they meet the 1.65-cent fare of competing lines. On or about October 26, 1942, respondents in No. 28963 filed with the Alabama Public Service Commission tariffs to become effective December 1, 1942, to increase the basic one-way coach fare to 2.2 cents, making it uniform with that applicable for interstate travel, and to make effective intrastate the round-trip fares which had been established uniformly for interstate application on October 1. This proposal included cancelation of the 30-day limit round-trip fares then in effect intrastate on the basis of 2.475 cents per mile and the 6-months limit round-trip fares on the basis of 2.75 cents per mile, both good for transportation in sleeping and parlor cars; also cancelation of the 15-day limit round-trip coach fares on the basis of 1.485 cents per mile and the 60-day limit round-trip coach fares on the basis of 1.65 cents per mile. The Alabama Commission suspended operation of the tariffs and after a hearing issued its report and order on January 15, 1943, canceling

the suspended tariffs and denying respondents' proposal to make such fares and charges effective on intrastate traffic in Alabama.

The Kentucky intrastate one-way coach fares of respondents were on October 1, 1942, and still are, 1.65 cents, except that the Gulf, Mobile & Ohio and Illinois Central maintain coach fares of 2.2 cents other than in instances where they meet the 1.65-cent fare of competing lines, and the Chesapeake & Ohio maintains a fare of 2.2 cents, except on its Louisville-Winchester line. Re-

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spondents in No. 29000 filed with the *Railroad Commission of Kentucky tariffs, to become effective December 1, to increase the basic one-way coach fare to 2.2 cents, making it uniform with that applicable for interstate travel, and to make effective intrastate the round-trip fares which had been established uniformly for interstate application on October 1. This proposal included cancelation of the 15-day limit round-trip coach fares on the basis of 1.485 cents per mile and the 60-day limit round-trip coach fares on the basis of 1.65 cents per mile; and substitution therefor of the 3-months limit round-trip fares on the basis of 1.98 cents per mile. The Kentucky Commission suspended operation of the tariffs, and after a hearing issued its report and order on May 31, 1943, denying respondents' proposal to make such one-way and round-trip coach fares and charges effective on intrastate passenger traffic in Kentucky, but approving proposed changes in round-trip fares for transportation in sleeping and parlor cars.

By petition filed October 12, 1942, with the North Carolina Utilities Commission, the several railroads operating in North Carolina, with the exception of the Norfolk & Western, sought authority to increase the intrastate one-way and round-trip coach

fares and the round-trip fares in sleeping and parlor cars in that State to the level of the interstate fares. The intrastate one-way and round-trip coach fares of the Norfolk & Western, which has about 100 miles of railroad in North Carolina, are the same as the interstate fares. The North Carolina Commission, by report and order of July 8, 1943, approved the proposed changes in the round-trip fares in sleeping and parlor cars, but deferred decision on the proposal to increase the fares in coaches pending further administrative action by it. As a result of that order, the present intrastate one-way coach fares in North Carolina are 1.65 cents a mile; and the intrastate round-trip coach fares in that State are 1.485 cents a mile with a return limit of 15 days, and double the one-way fare with a return limit of 60 days.

In Tennessee the operation of the tariffs published by the railroads proposing to increase all lower intrastate fares in that State to the level of the corresponding interstate fares was suspended by the Railroad and Public Utilities Commission of the State of Tennessee, and by its report and order of August 30, 1943, that Commission denied the railroads' proposal. As a result, the present intrastate one-way coach fares in Tennessee are 1.65 cents a mile, except that the one-way coach fares of the Illinois Central, Gulf, Mobile & Ohio, and St. Louis-San Francisco are 2.2 cents other than in instances where they meet the 1.65-cent fare of competing lines. The intrastate round-trip coach fares are 1.485 cents a mile with a return limit of 15 days, and double the one-way fare with a return limit of 60 days. The intrastate round-trip sleeping and parlor-car fares are 2.475 cents a mile with a return limit of 30 days, and 2.75 cents a mile with a return limit of 6 months.

Section 13(4) confers upon us the power to raise intrastate rates or fares to the reasonable interstate level upon a showing that the intrastate rates or fares cause either undue or unrea-

sonable advantage, preference, or prejudice as between *persons or localities in intrastate commerce on the one hand, and interstate or foreign commerce on the other, or undue, unreasonable, or unjust discrimination against interstate or foreign commerce.

Undue advantage, preference, or prejudice.—Respondents in each of these States are engaged in the handling of both intrastate and interstate passengers. Such passengers are carried on the same trains and generally in the same cars, but the interstate passengers have to pay higher fares than the intrastate passengers for corresponding distances. The differences in favor of the intrastate passengers range from 22 cents for 40 miles to \$1.90 for 347 miles in coaches in each of the four States, and somewhat less in sleeping and parlor cars in Alabama and Tennessee. Thus, for example, from Columbus, Miss., to Anniston, Ala., 186 miles, the coach fare is \$4.11, and from Sheffield, Ala., to Anniston, 193 miles, it is \$3.30, a difference of 81 cents; from Lexington, Ky., to Columbus, Ohio, 197 miles, the fare is \$4.44, as compared with a fare of \$3.35 from Lexington to Owensboro, Ky., 199 miles, a difference of \$1.09; from Charlotte, N. C., to Spartanburg, S. C., 75 miles, the fare is \$1.65, whereas from Charlotte to Greensboro, N. C., 94 miles, it is \$1.55, a smaller fare intrastate by 10 cents for a greater haul by 19 miles; from Chattanooga, Tenn., to Asheville, N. C., 240 miles, the fare is \$5.32, and from Chattanooga to Bristol, Tenn., 242 miles, the intrastate fare is \$4.05, a difference of \$1.27.

So also, illustrations are of record showing differences between the fares over interstate and intrastate routes between points in the same State. Thus, between Piedmont, Ala., and Hurtsboro, Ala., the fare is \$5.21 over the interstate route, 235.9 miles, and \$4.05 over the intrastate route, 236.9 miles, a difference of \$1.16. Between Memphis, Tenn., and Knoxville, Tenn.,

the fare over the interstate route is \$9.39, and over the longer intrastate route it is \$7.10, a difference of \$2.29. Similar situations are exhibited with respect to the round-trip fares. They exist in each of the four States where and to the extent that the intrastate fares are on a lower basis than the interstate fares. It would serve no useful purpose to multiply such illustrations, for all are based upon the fact that the interstate fares are made on the basis of 2.2 cents per mile, while the intrastate fares are based on 1.65 cents per mile.

All trains operated by respondents in each of the States are available to and are used by both interstate and intrastate passengers, and the services accorded to both classes of passengers are substantially the same. The illustrations above given are typical of a condition which exists in some degree between interstate and intrastate passengers on every mile of track operated in passenger service by each of the respondents in all four of these States, excepting only those portions of respondents' lines on which the intrastate and the interstate bases are now the same.

Unjust discrimination.—On the basis of audits made for representative periods by the principal respondents in each of these

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proceedings, the estimated amount of additional revenue *which the respondents in the respective States would have received during those periods if the assailed intrastate fares had been on the interstate level, projected over the period of a year, exceeds \$750,000 per annum in Alabama, \$526,000 in Kentucky, \$558,000 in North Carolina, and \$556,000 in Tennessee.

The intrastate fares in each of the States may be used to defeat or break down the interstate fares and thereby reduce the revenues on interstate traffic. Thus, passengers destined to points

outside the respective States may now purchase intrastate tickets to points on or near the State line and either rebuy tickets or pay cash for the remainder of the journey. Technically, they break their journey when they leave the train at the points on or near the State line to purchase tickets for beyond the State, but practically they resort to a device which defeats the through fares. Typical illustrations are of record for each of the States, but one will suffice: The interstate coach fare between Raleigh, N. C., and Knoxville, Tenn., over the Southern is \$8.91; the intrastate coach fare from Raleigh to Hot Springs, N. C., is \$5.25, and that from Hot Springs to Knoxville is \$2.05. By purchasing an intrastate ticket from Raleigh to Hot Springs and either purchasing a ticket at Hot Springs or paying cash for the remainder of the journey, a passenger traveling from Raleigh to Knoxville can thus save \$1.61. So also, of course, passengers can avoid paying the higher interstate fares by using the cheaper intrastate routes between points in the same State, in instances such as those above referred to, from and to which there are both interstate and intrastate routes.

Specific evidence that the intrastate fares have been and are being used to defeat or avoid payment of the interstate fares in particular instances was not submitted; and admittedly is difficult to obtain. Respondents, however, are convinced that these practices are common; that their elimination would have an important effect upon the additional revenues which they would receive if the intrastate fares were on the same level as the interstate fares; and that they can be eliminated only by establishing such a parity.

An increase in the intrastate fares to the interstate level under existing conditions, respondents insist, will not result in any important loss of traffic to other forms of transportation and will produce increased revenues substantially equivalent to those estimated by them.

Protestants' Contentions and Evidence: Alabama.—Protestant Alabama Public Service Commission, by three State employees, two of whom are its own field inspectors, offered evidence of the crowded condition of trains, and the large number of passengers who as a result were required to stand. From this evidence protestant argues that the persons seated must have been

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interstate passengers, and that intrastate passengers receive an inferior service. One of the witnesses rode in the coaches of a Louisville & Nashville train from Mobile to Montgomery, Ala., every alternate Friday night, and for the preceding three months had not been able to obtain a seat. It was not shown that the train had not stopped at other Alabama stations before reaching Mobile, nor that other intrastate passengers boarding the train at Mobile did not obtain seats. It may be that on this particular train more long-haul, and hence more interstate, passengers than intrastate passengers were seated on the trip from Mobile to Montgomery. But the suggestion that the service accorded to intrastate passengers generally in Alabama on interstate trains is inferior to that accorded to interstate passengers is not supported by the evidence of record.

The present intrastate fares in Alabama appear to be somewhat higher than bus fares from and to the same points. From Birmingham to 12 destinations the average rail coach fare is \$1.5275, the average proposed fare is \$1.9975, and the average bus fare is \$1.425; from Montgomery to 8 destinations the respective average fares are \$1.985, \$2.616, and \$1.893. While the tendency of an increase in the coach fares, without a corresponding increase in the bus fares, would be to drive traffic to the busses, the latter are already experiencing as great or greater congestion than the trains.

Protestant points out that much of the added expense of the operations of some of the respondents arises in connection with or is due to the movement of troop trains, and that these are interstate movements; and it contends that civilian intrastate fares should not be increased to assist in bearing that burden. To concede the correctness of this contention might be to impair the effectiveness of the provisions of section 15a relative to adequate and efficient railway service, and to defeat the national transportation policy as declared in 54 Stat. L. 899, relative to developing, coordinating, and preserving a national transportation system adequate to meet the needs of the commerce of the United States, of the postal service, and of the national defense, and requiring that all of the provisions of the Interstate Commerce Act shall be administered and enforced with a view to carrying out the stated declaration of policy.

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**Kentucky.*—Protestant Railroad Commission of Kentucky shows that the present intrastate one-way fares between representative points average 14.7 percent higher, and the proposed fares 40.7 percent higher, than the one-way bus fares from and to the same points, and the present and proposed round-trip fares average 9 and 41 percent higher than the round-trip bus fares. Differences in rail and bus fares are sometimes due to differences in distance.

Passenger traffic and revenues therefrom in Kentucky have increased in recent years, as indicated by reports of the 5 respondents in No. 29000 having approximately 96 percent of the total railroad mileage in Kentucky. Passenger revenues earned in Kentucky on intrastate and interstate traffic were \$4,182,411 in 1939, \$4,493,479 in 1940, \$6,497,525 in 1941, and \$14,023,436 in 1942. Passengers carried by the same railroads and for the

same years were 2,925,085, 3,065,609, 3,931,378, and 6,633,604. Passenger-miles increased from 230,594,000 in 1939 to 723,909,000 in 1942. The average number of passengers per car-mile was 10.6 for 1939 and 22.3 for 1942. As indicating the proportion of passenger revenues accruing in Kentucky which is derived from intrastate traffic only, for the Louisville & Nashville in 1939 the total was \$2,200,241 and the intrastate \$519,726, while the corresponding revenues for the Chesapeake & Ohio were \$682,716 and \$146,987.

Turning to the system figures for the 7 principal respondents, following is a comparison of 1942 and 1943, from the record as supplemented by stipulation of counsel at the argument: Freight revenues, \$684,523,687 and \$763,303,989; passenger revenues, \$101,210,404 and \$177,785,481; total operating revenues, \$827,410,532 and \$993,210,774; total operating expenses, \$485,698,121 and \$577,890,293; operating ratio, 58.7 and 58.2; and net railway operating income, \$156,601,762 and \$149,784,991.

Protestants point out that these 7 respondents in the last two years have been able to take care of their increases in operating expenses and railway tax accruals, and still show consistent and substantial increases in their net railway operating income. The relation of net railway operating income to investment in railway property including cash, materials, and supplies, for these respondents reflects average rates of return, after Federal income taxes, as follows: 1938, 2.98 percent; 1939, 3.76 percent; 1940, 3.95 percent; 1941, 5.41 percent; and 1942, 5.78 percent.

The Price Administrator, on behalf of himself and the Director of Economic Stabilization, opposes any increase in fares. He relies upon the facts that when passenger service was furnished at a loss, this Commission approved general levels of freight rates which took into consideration these passenger losses; *Fifteen Percent Case, 1937-1938*, 226 I.C.C. 41, 54; that

these returns from freight traffic have been multiplied during the war by greatly increased freight traffic; and that the passenger service itself is now returning a profit. It is therefore contended that either the passenger fares or the freight rates should be reduced.

If freight traffic is now producing more than a fair return for the above-mentioned or any other reason, it may be dealt with in an appropriate proceeding. The evidence here before us does not indicate that the passenger traffic of these respondents as a group is producing more than a fair return.

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**North Carolina.*—In its brief and upon oral argument the North Carolina Commission contends that respondents⁹ in No. 29036 erred as a matter of law, in that they failed to exhaust their remedies before that Commission prior to filing their section 13 petition with us, on the ground that its order was interlocutory in form and was so issued in order that it might file with us the petition before mentioned for investigation of the interstate coach fares. It asserts that the matter was and still is open for consideration by it. The instant proceeding was not instituted until after we had fully considered the petition of the North Carolina Commission and had denied that petition. In view of this fact, and of the time which has elapsed since respondents petitioned that Commission on October 12, 1942, for authority to increase the intrastate coach fares in that State, we do not believe that we would be justified in deferring action in this proceeding and requiring respondents to renew their efforts before that Commission for authority to increase these fares. Moreover, the issues presented for our consideration here differ in important respects from those which are within the jurisdiction of that Commission, and our duty under the Interstate Com-

merce Act, as we see it, is to decide these issues on the record now before us.

This protestant contends that the intrastate coach fares in that State properly should be on a lower level than the interstate fares, and that the existing disparity between these fares does not result in undue preference or prejudice, nor in unjust discrimination against interstate commerce. A similar contention is made by protestants Charlotte Shippers and Manufacturers Association and the North Carolina Division of the Travelers Protective Association of America. The position of these protestants is that the intrastate coach service in North Carolina has deteriorated and is inferior to the interstate coach service in that State. Three of the principal respondents operate a limited number of modern streamlined air-conditioned coach trains on which seats are reserved without charge in addition to the basic fare, and these trains make scheduled stops in North Carolina only at the principal cities. These protestants contrast the equipment and service afforded by those trains with the less desirable equipment and service afforded by certain local trains of some of respondents in that State. They give examples of the crowding of coaches on the latter trains far beyond their seating capacities and of the operation of such coaches in an untidy condition. The equipment and service of the streamlined coach trains is also contrasted with the service on certain branch lines of one of respondents, which is provided in each instance by mixed trains of a number of freight cars and an antiquated combination passenger-and-baggage or passenger-and-mail or express car.

Passenger traffic on most of these branch lines is light. Crowded coaches are not peculiar to intrastate travel in North Carolina, but are common also in interstate travel in that and other States in southern territory, as well as in all other sections of the country. Passengers frequently litter the cars with paper and other refuse, and thereby contribute to the untidy condition

of the cars; and the crowded condition of the cars makes difficult and often impracticable the task of keeping them clean en route. Wartime travel by railroad has resulted in such a demand for passenger coaches that every available coach is being used, and upon their arrival at the terminals time and labor are not always sufficient to permit cleaning the coaches as thoroughly as

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in normal times. Admittedly, interstate as well *as intrastate passengers may and do travel on the local and mixed trains in North Carolina above described, and the accommodations and service furnished interstate passengers in such instances are the same as the accommodations and service furnished intrastate passengers.

The Price Administrator contends that the proposed increase in fares is inconsistent with the wartime stabilization program; further, that the record is inadequate to support a finding of unjust discrimination against interstate commerce, but that if we should find otherwise, the unjust discrimination should be removed by a reduction in the interstate fares to the level of the intrastate fares.

In *Increases in Texas Rates, Fares, and Charges*, 253 I.C.C. 723, and in the report on further hearing in *Increased Railway Rates, Fares, and Charges*, *supra*, we discussed contentions that rate increases therein proposed would be inconsistent with the efforts of the Government to avoid inflation and would conflict with the provisions of the Emergency Price Control Act of 1942, as amended by the Stabilization Act, and executive regulations thereunder. We concluded that the provisions of these acts, except those pertaining to the giving of notice and consent to intervene to the designated Federal agent, made no changes in or addi-

tions to the Interstate Commerce Act with respect to the rates, fares, and charges of common carriers by railroad. The provisions of these acts respecting the giving of notice and consent to intervene to the designated Federal agent have been complied with in each of these proceedings.

The evidence bearing upon the further contention of the Price Administrator has been received hereinbefore.

Tennessee.—The Tennessee Commission contends that the standards of transportation offered intrastate passengers in Tennessee do not conform, on the average, to those offered interstate passengers in that State, and that for this reason intrastate and interstate passengers in that State are not transported under substantially similar circumstances and conditions.

On each of the branch lines of respondent Nashville, Chattanooga & St. Louis, passenger service is provided by a mixed train consisting of a number of freight cars and a passenger coach, which is used also by some of the train crew in lieu of a caboose. The schedules on which such trains are operated are governed primarily by the amount of freight service to be performed. Six of these branch lines, comprising somewhat more than a third of the total mileage of this respondent in Tennessee, are wholly within the State. The coaches used on these lines are old and second grade in accommodations and maintenance. Passenger service on the main lines of this respondent, and of other respondents, is provided generally by scheduled passenger trains, including a number of modern streamlined all-coach trains or combination streamlined coach and pullman-car trains of generally first-grade accommodations and maintenance. Three streamlined all-coach trains are operated through Tennessee, each on alternate days, one over the lines of the Louisville & Nashville and Nashville, Chattanooga & St. Louis, another over the Illinois

Central, and a third over the Louisville & Nashville. These trains make regularly scheduled stops in Tennessee, other than at Nash-

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ville only to *take on passengers destined to certain points outside of the State or to discharge passengers coming from such points. The coaches of these trains are air conditioned, seats are reserved without charge in addition to the regular fare, and some of these trains carry lounge or observation cars which in normal times are available to coach passengers. One combination coach and pullman-car train also makes regularly scheduled stops at only two points in Tennessee, one of such stops being limited to passengers destined to or coming from points beyond the State. The other such train makes regularly scheduled stops at a number of points in Tennessee.

Respondent Nashville, Chattanooga & St. Louis operates 6 passenger trains daily over its main line in each direction between Nashville and Chattanooga. One of these is the streamlined all-coach train above mentioned. Of the remaining 5, one is a local train which stops at practically all intermediate points, and the other 4 are express trains which stop at a limited number of intermediate points and at some of them only on signal. The Nashville, Chattanooga & St. Louis and the Tennessee Central operate air-conditioned so-called chair or cafe coaches on certain of their trains between a number of points in Tennessee in which seats may be reserved at an extra charge in addition to the regular fares.

With the exception of the streamlined trains operated by certain of them, the equipment and service offered intrastate and interstate passengers in Tennessee by the other respondents and on other lines of the Nashville, Chattanooga & St. Louis in that State are not described of record.

Interstate as well as intrastate passengers may and do travel on the mixed trains above described, and the facilities and service furnished interstate passengers in such circumstances are the same as the facilities and service furnished intrastate passengers. The Nashville, Chattanooga & St. Louis also operates two interstate branch lines between certain points in Tennessee and certain points in Alabama, and passenger service on these lines is also provided by mixed trains.

The evidence contrasting the facilities and service available chiefly to interstate passengers on a limited number of modern streamlined air-conditioned coach trains with the facilities and service available to intrastate passengers on certain of the main lines of one of respondents is insufficient to establish that the standards of transportation afforded intrastate coach passengers in Tennessee, on an average, differ materially from those afforded interstate coach passengers in that State. At best it shows that some of the trains operated in that State are superior to others, a situation which obviously is not peculiar to Tennessee alone.

DISCUSSION AND FINDINGS

The transportation conditions bearing upon the reasonableness of the interstate fares have not changed materially since the adoption on April 6, 1943, of our report on further hearing in Ex Parte No. 148, wherein we declined to disturb our prior finding that the increased interstate fares then and now in effect were just and reasonable. Upon the records in the instant proceedings we can find no warrant for changing our views that a

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basic coach fare of 2 cents per mile, plus an additional 10 *percent for the duration of the war, is reasonable for general application.

Such a fare is now in effect for one-way application generally throughout the country, except intrastate in the four States the fares in which are here before us. Also, the respective round-trip fares for application in coaches and in sleeping and parlor cars are uniform generally throughout southern territory, except intrastate in these four States on traffic in coaches and intrastate in Alabama and Tennessee on traffic in sleeping and parlor cars.

Both intrastate and interstate passengers travel side by side under substantially similar circumstances and conditions on practically every passenger car on every branch and main line operated by respondents in each of these four States. The evidence in each of these proceedings, therefore, contrary to the situation dealt with in *Wisconsin R.R. Comm. v. Chicago, B. & Q. R. Co.*, 257 U.S. 563, 580, establishes a condition which is state-wide, and is similar in every respect to that before us in *Rhode Island Commutation Fares*, 253 I.C.C. 383, and in *Increases in Texas Rates, Fares, and Charges*, *supra*.

The revenue lost to respondents in each of these States by reason of the lower intrastate fares is substantial, and the transportation conditions under which the intrastate service is performed do not differ materially from those under which the interstate service is performed. Section 13(4) of the act empowers us to increase intrastate rates or fares so that the intrastate traffic may produce its fair share of the earnings required by the respondent carriers to enable them to provide adequate and efficient railway transportation service, both interstate and intrastate. *United States v. Louisiana*, *supra*, page 75; *Florida v. United States*, 292 U.S. 1; *Illinois Commerce Comm. v. United States*, 292 U.S. 474. "The effect of maintaining a lower rate, intrastate, than the reasonable interstate rate is necessarily discriminatory wherever the two classes of traffic, inextricably intermingled, are carried * * * under substantially the same condi-

tions." *Illinois Commerce Comm. v. United States*, *supra*, page 485.

We find that—

1. The interstate one-way and round-trip coach fares now in effect to, from, and through points in Alabama, Kentucky, North Carolina, and Tennessee, and the interstate round-trip fares applicable in sleeping and parlor cars now in effect to, from, and through points in Alabama and Tennessee, are just and reasonable.

2. The intrastate one-way and round-trip coach fares in Alabama, Kentucky, North Carolina, and Tennessee, with certain exceptions hereinbefore referred to and not here in issue, and the intrastate round-trip fares applicable in sleeping and parlor cars in Alabama and Tennessee, are lower than the corresponding fares applicable interstate and intrastate generally throughout southern territory, except in the several states mentioned in this finding.

3. The conditions affecting the one-way and round-trip transportation of passengers in coaches within these four States, and the round-trip transportation of passengers in sleeping and parlor cars within Alabama and Tennessee, intrastate on the one hand, and interstate to, from, and through those respective States on the other, are substantially similar.

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*4. Interstate passengers in these States travel in the same trains generally in the same cars with intrastate passengers, but are forced to pay higher fares than the intrastate passengers for like services, to the undue and unreasonable advantage and pref-

erence of the intrastate passengers and the undue and unreasonable disadvantage and prejudice of the interstate passengers.

5. Respondent's revenues under the lower intrastate fares are less by at least \$725,000 per annum in Alabama, \$500,000 in Kentucky, \$525,000 in North Carolina, and \$525,000 in Tennessee than they would be if those fares were increased to the level of the corresponding interstate fares, and traffic moving under these lower intrastate fares is not contributing its fair share of the revenues required to enable respondents to render adequate and efficient transportation service.

6. The maintenance of intrastate one-way and round-trip coach fares in Alabama, Kentucky, North Carolina, and Tennessee, and of intrastate round-trip fares applicable in sleeping and parlor cars in Alabama and Tennessee, to the extent that such fares are on a lower level than the corresponding interstate fares, causes and will cause undue and unreasonable advantage to and preference of persons in intrastate commerce, undue and unreasonable disadvantage to and prejudice against persons in interstate commerce, and undue, unreasonable, and unjust discrimination against interstate commerce; and this unlawfulness should be removed by increasing the aforesaid intrastate fares in the respective States to the level of the corresponding interstate fares contemporaneously maintained by respondents to, from, and through such States; provided, that the aggregate charge made by any of respondents for the intrastate transportation in any of the States shall not exceed the aggregate charge made for like accommodations and for a like distance by the same respondent for interstate transportation to, from, or through such State.

The foregoing findings are without prejudice to the right of the authorities of the affected States, or of any interested party, to apply for modification thereof as to any specific intrastate fare on the ground that such fare is not related to interstate fares in

such a way as to contravene the provisions of the Interstate Commerce Act.

In accordance with our practice in such proceedings, we shall leave to respondents and the respective State Commissions the matter of adjusting the intrastate fares to conform to these findings. If this is not accomplished within 30 days from the service of this report, consideration will be given to the entry of an appropriate order.

SPLAWN, *Commissioner*, dissenting:

In my judgment the decision of the majority on the evidence in these proceedings goes beyond our lawful power under section 13(4). This view, I think, finds full support in several decisions by the Supreme Court of the United States in which the Court has had occasion to review some of our reports and orders under that section.

It should be emphasized that our authority under section 13(4) to require increases in intrastate rates springs from and is an incident of the duty to regulate and protect interstate commerce. In exercising that power to nullify State authority we should be guided by the following wise and well-settled principles

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or standards which have been announced by the Supreme *Court:

(1) That this Commission has no general authority to regulate intrastate rates; (2) that the provision of section 13(4) prohibiting unjust discrimination against interstate commerce is to be considered in connection with section 15a; (3) that whenever the Federal power is exerted within what would otherwise be the domain of State power, the justification of the exercise of the

Federal power must clearly appear; and (4) that the mere existence of a disparity between rates on intrastate and interstate traffic does not warrant us in prescribing intrastate rates. *Florida v. United States*, 282 U.S. 194, 211-212.

These proceedings present two questions. First, do the intrastate passenger fares imposed by authority of these States cause any undue or unreasonable advantage, preference, or prejudice as between persons or localities in intrastate commerce on the one hand and interstate commerce on the other hand? And second, do the intrastate fares cause any undue, unreasonable, or unjust discrimination against interstate commerce?

In considering the first question it is important to observe that the prohibition against undue prejudice and preference as between persons and localities in interstate and intrastate commerce in section 13(4) is substantially the same as the prohibition against undue prejudice and preference contained in section 3(1). The principal difference between the two provisions is that section 3(1) prohibits a *carrier* from giving an undue preference or causing an undue prejudice, while section 13(4) prohibits any intrastate *rate, fare, etc.* from causing the undue preference or undue prejudice. In view of the similarity of the language employed in the two provisions, we have said that evidence to sustain an order and finding that intrastate rates are violative of section 13(4) in that they unduly prejudice persons or localities must be of equal dignity and probative value as the evidence required to sustain a finding under section 3(1). *Barrett Co. v. Atchison, T. & S. F. Ry. Co.*, 172 I.C.C. 319, 334. The soundness of that rule is evident, for both provisions are directed against the same evils, namely, undue prejudice and undue preference as between localities and persons.

We have frequently found that the mere existence of a disparity in rates does not warrant a finding of undue prejudice

and preference under section 3(1), and that ordinarily the evidence to support such a finding must establish that such prejudice and preference constitute a source of undue disadvantage to one party and of undue advantage to another. To say that the evidence necessary to sustain a violation of the provision of section 13(4) as to undue prejudice and preference as between localities and persons, can be of less dignity or less probative value than the evidence necessary to show a violation of section 3(1) ignores completely the principle that whenever the Federal power is exerted within what would otherwise be the domain of State power, the justification of the exercise of the Federal power must clearly appear.

In support of their contention that the intrastate fares now maintained in these States cause undue prejudice and preference as between persons and localities, respondents rely upon (1) the similarity of the intrastate and interstate services, and (2) the differences in the fares.

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*The provision of section 13(4) which deals with prejudice and preference as between persons and localities, as previously noted, corresponds to section 3(1). Both of these provisions obviously are for the protection of persons and localities, and not primarily for the benefit of the carriers. The second provision of section 13(4); which is discussed later herein, provides a complete remedy for the carriers in situations where intrastate rates, fares, etc. unlawfully discriminate against interstate commerce.

With respect to the situations in Kentucky and Alabama, for example, no persons who pay the higher interstate fares and no localities are appearing herein to complain of undue prejudice and preference, or, without complaining, have testified that they

are in any wise injured, and so far as these records disclose, none has complained to respondents. Under these circumstances we would not even have before us a complaint under section 3(1), much less the evidence on which to base a finding of a violation of that section. Respondents do not ask relief for any particular persons or places, but seek state-wide orders.

In *Railroad Comm. of Wisconsin v. Chicago, B. & Q. R. Co.*, 257 U.S. 563, and *State of New York v. United States*, 257 U. S. 591, the Court held that orders entered by this Commission under section 13(4) requiring horizontal increases of intrastate passenger fares throughout the States of Wisconsin and New York, to correspond with fares for like interstate service in the same States, could not be sustained as orders to remove undue prejudice and preference as between persons and localities. In the *Wisconsin case*, at page 580, in referring to the "sweep" of our order the Court said:

It includes fares between all interior points although neither may be near the border and the fares between them may not work a discrimination against interstate travelers at all. Nothing in the precedents cited justifies an order affecting all rates of a general description when it is clear that this would include many rates not within the proper class or the reason of the order. In such a case, the saving clause by which exceptions are permitted, can not give the order validity. As said by this court in the *Illinois Central R. R. case*, [245 U.S. 493]: "It is obvious that an order of a subordinate agency, such as the Commission, should not be given precedence over a state rate statute otherwise valid, unless, and except so far as, it conforms to a high standard of certainty." See also *American Express Co. v. Caldwell*, 243 U. S. 617, 627.

In this report it is stated that "The evidence in each of these

proceedings, therefore, contrary to the situation dealt with in [the *Wisconsin* case], establishes a condition which is state-wide." "Both intrastate and interstate passengers travel side by side under substantially similar circumstances and conditions on practically every passenger car on every branch and main line operated by respondents in each of these four States." Is it to be supposed that interstate passengers did not likewise ride on all trains to and from all branch and main-line points in Wisconsin? The cases are distinguishable, but in the following respect: In the *Wisconsin* case there was evidence that localities in Minnesota and Michigan in close proximity to localities in Wisconsin competed for the location of industries, and for retail trade, and to

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some extent for wholesale trade. *This competition was affected by the lower State fares. In these cases there is no evidence whatever of competition or injury. The Court found that there was evidence which would support a finding of undue prejudice and preference against a large class of fares. As above indicated, objection to the Commission's order was that it was not restricted to the border points to which the evidence pertained, but that it included fares between all interior points although they might not be near the border and the fares between them might not work a discrimination against interstate travelers at all. To assume that the court supposed that interstate passengers did not travel to and from the interior points, and to attempt to distinguish the cases upon that ground, is to miss the real point of distinction, which is that in the *Wisconsin* case there was evidence going beyond a mere showing of a difference in rates for similar services, and which tended to show injury to interstate localities, while the records herein are devoid of evidence of injury. If the order of the Commission there could not be sustained as an order to remove undue prejudice and preference as

between persons and localities, what can be said in support of that phase of the state-wide orders herein which are unsupported by evidence beyond the mere difference in fares?

Turning now to the second question: Do the intrastate fares cause undue or unjust discrimination against interstate commerce? Here, respondents rely upon the loss of revenues which they contend has resulted from refusal of the State rate authorities to permit the intrastate fares to be increased to the interstate level. In Kentucky, for example, the estimated annual loss of revenue to all of the principal respondents in that State approximates \$526,000.

Section 15a, which is intended, among other things, to insure a fair return for carriers provides that in the exercise of our power to prescribe just and reasonable rates we shall give due consideration, among other factors, to the need, in the public interest, of adequate and efficient railway transportation service at the lowest cost consistent with the furnishing of such service, and to the need of revenues sufficient to enable the carriers, under honest, economical, and efficient management to provide such service. In the *Wisconsin case*, at page 586, the Court referred to the "dovetail relation" between the provision of section 13(4) relating to unjust discrimination against interstate commerce and the purpose of section 15a, as it then stood, and pointed out that if that purpose is *interfered with* by a disparity of intrastate rates we are authorized to end the disparity by directly removing it. Continuing, at page 590 the Court stated that action by the Commission in this regard should be directed to substantial disparity which operates as a real discrimination against, and obstruction to, interstate commerce. It should be noted that at the time of the decision in the *Wisconsin case*, section 15a did not read the same as at present, but its general purpose was to secure to the carriers revenue sufficient to enable

them to provide in the public interest adequate and efficient transportation service, the same as under the present provisions.

That something more than a disparity between interstate and intrastate rates is necessary to support a finding of undue discrimination against interstate commerce is made quite plain in *United States v. Louisiana*, 290 U.S. 70, 74, 75, wherein the Court stated:

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*By section 416 of the Transportation Act, section 13(4) Interstate Commerce Act, directly involved here, the Commission was given power to remove unjust discrimination by intrastate rates against interstate commerce, by prescribing minimum intrastate rates. This Court has consistently held that this section is to be construed in the light of section 15a(2) and as supplementing it, so that the forbidden discrimination against interstate commerce by intrastate rates includes those cases in which disparity of the latter rates operates to thwart the broad purpose of section 15a to maintain an efficient transportation system by enabling the carriers to earn a fair return. So construed, section 13(4) confers on the Commission the power to raise intrastate rates so that the intrastate traffic may produce its fair share of the earnings required to meet maintenance and operating costs and to yield a fair return on the value of property devoted to the transportation service, both interstate and intrastate. *Wisconsin Railroad Comm'n. v. C. & Q. R. Co.*, *supra*, 586, 587, 588, 589, 590; *New York v. United States*, 257 U.S. 591, 601; *Florida v. United States*, *supra*, 211; *Louisiana v. United States*, 284 U.S. 125, 131; see *Nashville, C. & St. L. Ry. Co. v. Tennessee*, 262 U.S. 318.

In my judgment the evidence in these proceedings falls

far short of establishing that the failure of respondents to receive the additional revenue, which would result from increasing the present intrastate fares to the interstate level, operates to *interfere with* or to *thwart* the broad purpose of section 15a to maintain an efficient transportation system. Nor can it be said that under present conditions the failure of the State Commissions to permit increases in the present intrastate fares constitutes an obstruction to interstate commerce.

In the Kentucky proceeding, for example, the relation of net railway operating income to investment in railway property including cash, materials, and supplies, for the seven principal respondents shows average rates of return, after deduction of Federal income taxes, as follows: 1938, 2.98 percent; 1939, 3.76 percent; 1940, 3.95 percent; 1941, 5.41 percent; 1942, 5.78 percent. In this connection it is of interest that based on 1940 valuations recommended by our Bureau of Valuation the average rates of return for the respective years indicated would be 4.18 percent, 5.31 percent, 5.57 percent, 7.81 percent, 8.50 percent, and 8.15 percent. The increase in net railway operating income for passenger traffic alone, 1942 over 1941, was \$50,992,801 for the 12 class I respondents in the Alabama proceeding, and \$29,506,275 for the 7 principal respondents in the Kentucky proceeding.

I wish to emphasize my disagreement with finding 5 in this report that traffic moving under these lower intrastate fares is not contributing its fair share of the revenue *required* to enable respondents to render adequate and efficient transportation service. There is nothing in the report or the evidence to indicate that the revenues from the present passenger fares are less than those required to enable respondents to render adequate and efficient transportation service, or that there is any deficiency in respondents' revenues from their passenger and freight traffic

considered as a whole. As a matter of fact it does not affirmatively appear on this record that fares based on the lower intra-

*[Docket 28963—Sheet No. 26]

state level applied to both interstate *and intrastate traffic would be less than required to enable respondents to render the character of service contemplated by section 15a.

In each of these four States the State regulatory authority, after due consideration, authorized an increase of 10 percent on the going intrastate fares and declined to order or authorize a further increase to the interstate level. The fact that some of the adjoining States have permitted increases in intrastate fares to the interstate level is not binding upon the duly constituted authorities of these four States. The evidence in these proceedings does not sustain the contention that the maximum fares for interstate travel must also be the minimum fares for intrastate travel.

I am authorized to say that COMMISSIONERS AITCHISON and MAHAFFIE join in this expression.

By the Commission.

(SEAL)

W. P. BARTEL, Secretary.

EXHIBIT C

ORDER

At a General Session of the INTERSTATE COMMERCE COMMISSION, held at its office in Washington, D. C., on the 8th day of May, A.D. 1944.

No. 28963 ✓

ALABAMA INTRASTATE FARES.

No. 29000

KENTUCKY INTRASTATE FARES

No. 29036

NORTH CAROLINA INTRASTATE COACH FARES

No. 29037

TENNESSEE INTRASTATE FARES

Upon consideration of petitions (1) of the Alabama Public Service Commission et al. in No. 28963 for reconsideration, rehearing and further order; (2) of the Commonwealth of Kentucky and Railroad Commission of Kentucky in No. 29000 for reargument and reconsideration; (3) of the North Carolina Utilities Commission et al. in No. 29036 for reconsideration, reargument, further hearing, etc.; (4) of the Railroad and Public Utilities Commission of the State of Tennessee in No. 29037 for reconsideration; and (5) of the Price Administrator in each of the above-entitled proceedings for reconsideration; together with respondent's reply to the foregoing petitions; and upon further consideration of the record in these proceedings:

It is ordered, That the aforesaid petitions be, and they are hereby, denied.

By the Commission.

W. P. BARTEL, Secretary.

(SEAL)

EXHIBIT D

BEFORE THE RAILROAD AND PUBLIC UTILITIES COM- MISSION OF THE STATE OF TENNESSEE

Nashville

I. & S. Docket No. 2535.

Re: Increased Passenger Fares, 1942.

Appearances:

C. P. Reynolds, All Respondents.

W. C. Burger, Louisville & Nashville Railroad.

H. B. Schneiber, Office Price Administrator.

J. F. Gaffney, Jr., Nashville, Chattanooga and St. Louis Ry.

C. S. Blackman, Tennessee Central Railway.

E. J. Meade, Illinois Central Railroad.

E. S. Clements, Southern Railway.

During Nov. 1942, all Tennessee carriers by rail filed new and advanced passenger fare rates applicable to intrastate passenger traffic in Tennessee. The new and proposed passenger fare rates as compared with the present passenger fare rates are as follows:

Types of Passenger Service	In Cents Per Mile Traveled		
	Present Basic Fare	Present Fare Including 10% Ex Parte Rate 148	Proposed Fare
In Coaches			
One Way	1.50	1.65	2.20
15 Day Limit	1.35	1.485	1.98
In Parlor or Sleeping Cars			
30 Day Limit Round Trip	2.25	2.475	2.75
3 Months Limit Round Trip	2.50	2.75	2.75
6 Months Limit Round Trip	2.50	2.75	3.30

These new and advanced passenger fare rates were suspended by the Commission in its order entered November 25, 1942, and this Commission upon its own motion, without formal pleading entered upon a hearing concerning the lawfulness of the advanced passenger fare rates and to prescribe just and reasonable passenger fare rates for future application.

A full and complete hearing was held before the Commission on May 13, 1943.

In answering a question of the Chairman, Counsel for respondents replied as follows:

"MR. REYNOLDS: . . . I may say that it is not our purpose to introduce a lot of witnesses and figures to show what would be a reasonable rate.

"What we propose to do, very briefly, is to give the history of the present rate, of 1.65 cents per mile, and show the Commission that it is a depressed rate, which was put in to meet bus competition primarily; and then to show the Commission also that the rate we propose, the rate of 2.2 cents per mile has been approved by the Interstate Commerce Commission for application all over the country, including points in the south, and that it has also been approved by several of the southern Commissions for intrastate applications in the southern states, and also we wish to show that 2.2 cents a mile is much less than the fare in effect during the last World War, and in fact that it is much less than the fare prior to 1933, and that will be done by Mr. Gaffney in his testimony.

"In view of the fact that the Commission in Docket 2650, the so-called general passenger fare investigation, approved a basic fare of 2 cents as reasonable for allocation throughout the entire United States, and in view of the further fact that they included the 10 percent increase in this fare in Ex Parte 148, when it was first heard, and declined to remove it when the case was further heard, we have not felt it necessary to go into any great detail in this hearing as to the reasonableness of the rate."

It was therefore apparent that respondent carriers were depending more upon uniformity than upon the reasonableness of the rates per se, to prove the lawfulness of the new and increased passenger fare rates in Tennessee.

The so-called streamline trains were referred to as the major improvement in passenger transportation yet offered the public and that every convenience and luxury has been installed in these trains such as de luxe coaches, air conditioning, excellent dining cars where delicious meals were served at low prices, all of which is true, but, these trains are primarily for interstate travellers, and in some instances their stops are so arranged that intrastate passengers in Tennessee are not allowed the privilege of riding said streamlined trains. However, the request for increased rates on account of such additional services performed by the carriers should be accompanied by a showing of increased cost and the necessity for greater revenue to maintain their services.

Respondents offered much testimony showing how expenses of a typical Tennessee railway (N. C. & St. L. Ry.), had increased since 1941. The following table of "Ratios Expenses to Revenue" proves conclusively that revenues show a much greater increase than expenses.

Ratio Expenses to Revenue.

	1941	1942	4 mo. 1943
G. N. O. & T. P. Ry.	57.8	53.1	50.9
Southern Ry.	63.3	55.6	52.7
L. & N. RR.	65.3	58.7	55.0
I. C. RR.	72.7	68.2	65.0
G. M. & O. RR.	68.2	62.3	58.3
Tenn. Central Ry.	74.4	74.7	71.6
Clinchfield	41.6	41.9	44.1
N. C. & St. L. Ry.	71.8	63.6	60.5

In 1941 it cost the Nashville, Chattanooga and St. Louis Railway 71.8 cents to earn a dollar, while for the first 4 months of 1943 it cost that carrier only 60.5 cents to earn a dollar. Considering the increased volume of traffic and the lower transportation cost per dollar of revenue, the gain in Net Railway Operating Income is phenomenal, as demonstrated below:

N. C. & St. L. Ry. Net Operating Income.

1941	\$3,309,419
4 mo. 1943	2,319,371

Much statistical information purporting to show that passenger business of respondent lines was handled at a loss was presented. The information would have carried much weight had it allowed credit for both passenger and allied services. As it was, every passenger train expense was considered but only passenger fares, and no allied service, was credited. However, the following table which does not include allied service shows that any deficit which was more than eliminated in 1942, was for the first 4 months in 1943 turned into a net which contributed its share to the revenues of the southern district carriers as a whole enabling them to earn a return of more than 7 per cent upon their property investment.

Passenger Revenues.

Road	1941	1942	4 months 1943
C. N. O. & T. P. Ry.	\$ 1,859,009.	\$ 4,206,668.	\$ 2,098,589.
Southern Ry.	14,232,779.	36,265,338.	16,657,904.
L. & N. RR.	8,976,429.	23,288,244.	14,239,382.
I. C. RR.	11,491,056.	19,941,145.	9,476,901.
G. M. & O. RR.	619,770.	1,361,108.	811,790.
Tenn. Central Ry.	55,939.	187,386.	155,758.
Clinchfield RR.	58,032.	87,422.	48,877.
N. C. & St. L. Ry	1,706,194.	4,654,317.	2,408,897.
Totals	\$38,999,208.	\$89,991,628.	\$45,898,093

Page 3, of Exhibit No. 3, indicated that for the N. C. & St. L. Railway, passenger revenue must be increased 40 per cent over 1941 passenger revenue in order to wipe out a net railway operating deficit from passenger operations. 1942 passenger revenue was increased over 1941 passenger revenue 172.79 per cent. Using the first four months of 1943 as a guide passenger revenue for 1943 would exceed 1941 by 323.56 per cent. Add to these increases the revenues derived from allied services and it will be made apparent that a typical Tennessee line, as selected by respondents that is the N. C. & St. L. Railway, is not in need of additional passenger revenue.

Information requested by the Commission which was furnished by the respondents subsequent to the hearing, indicates that by including allied service revenue, as well as passenger revenue, the net Railway Operating deficit-passenger for 1941 was \$675,092, while for 1942 it had a net of \$709,082, or an increase of \$1,384,174 in net Railway Operating Income-passenger.

WE ARE THEREFORE OF THE OPINION AND FIND, That the advanced rates suspended by the Commission in its order in this cause, entered November 25, 1942, were not proven to be just, reasonable or non-compensatory.

IT IS THEREFORE ORDERED, That said respondents be and they are hereby notified and required to cancel the suspended rates leaving in full force and effect those rates in effect immediately prior to the date of suspension, namely:

Types of Passenger Service	In Cents Per Mile Traveled
In Coaches	
One way	1.65
15 day limit	1.485
In Parlor or Sleeping Cars	
30 day limit round trip	2.475
3 months limit round trip	2.75
6 months limit round trip	2.75

WE FIND these fares to be just, reasonable and compensatory, and,

IT IS FURTHER ORDERED, That the fares herein approved shall remain in effect until 6 months after the termination of the present war, unless sooner modified by appropriate order of this Commission, and,

IT IS FURTHER ORDERED, That 6 months after the termination of the present war increases permitted in this Commission's order entered May 12, 1942 will expire, and

IT IS FURTHER ORDERED, That jurisdiction of this proceeding should be and it is hereby retained for the purpose

of entering such order or orders as the Commission may find to be just, reasonable and proper.

PORTER DUNLAP, Chairman;

LEON JOUROLMON, JR., Commissioner;

JOHN C. HAMMER, Commissioner.

Nashville, Tenn., Aug. 30, 1943.

EXHIBIT E

*[1]

*BEFORE THE INTERSTATE COMMERCE COMMISSION TENNESSEE INTRASTATE FARES

Docket No. 29037

Andrew Jackson Hotel,
Nashville, Tennessee,
Thursday, December 2, 1943.

Met, pursuant to notice, at 9:30 o'clock, a. m.

BEFORE:

J. P. McGRATH, Examiner.

APPEARANCES:

FRANK W. GWATHMEY, Shoreham Building, Washington, D. C., appearing for all Tennessee railroads.

CHARLES CLARK, 15 & K Streets, Washington, D. C., appearing for the Southern Railway Company and System Lines.

J. F. GAFFNEY, Nashville, Tennessee, appearing for the N. C. & St. L. Railway.

A. W. STOCKELL, Nashville Trust Building, Nashville, Tennessee, appearing for the L. & N. Railroad Company.

JAMES B. GRAY, 135 East Eleventh Place, Chicago, Illinois, appearing for the Illinois Central System.

M. B. DUGGAN, Room 8, Terminal Station, Atlanta, Georgia, Agent for all Tennessee carriers.

LEON JOUROLMON, JR., 123 Memorial Building, Nashville, Tennessee, appearing for the Railroad and Public Utilities

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*Commission of Tennessee.

J. O. HENDLEY, Memorial Building, Nashville, Tennessee,

appearing for the Railroad and Public Utilities Commission of Tennessee.

M. D. MILLER, Room 5319, Federal Office Building No. 1, 2nd and D Streets, S. W., Washington 25, D. C., appearing for Office of Price Administration and the Economic Stabilization Director.

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*INDEX OF WITNESSES

<i>Witness</i>	<i>Direct</i>	<i>Cross</i>	<i>Redirect</i>	<i>Recross</i>
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INFORMATION TO BE FURNISHED

Amount interstate revenue accrued in Tennessee for periods mentioned (10 days) by Mr. Kennedy Page, 140.

INDEX OF EXHIBITS

<i>Number</i>	<i>Witness</i>	<i>For Identification</i>	<i>In Evidence</i>
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11	Hendley	251	317
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BRIEFS

Due January 4, 1944

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*PROCEEDINGS

EXAMINER McGRATH: The Interstate Commerce Commission has assigned for hearing at this time and place Docket No. 29037, entitled "Tennessee Intrastate Fares." Who appears for Respondents?

MR. GWATHMEY: Frank W. Gwathmey, Shoreham Building, Washington, D. C., appearing generally on behalf of all railroads operating in Tennessee.

MR. CLARK: Charles Clark, Washington, D. C., 15th and K Streets, for Southern Railway System Lines, in addition, of course, to Mr. Gwathmey's announcement.

MR. STOCKELL: A. W. Stockell, of Nashville, Tennessee, Nashville Trust Building, appearing for the L. & N. Railroad.

MR. GRAY: James B. Gray, 135 East Eleventh Place, Chicago 5, Illinois, appearing for the Illinois Central System. I am a registered practitioner.

EXAMINER McGRATH: I take it you are a registered practitioner, too, are you, sir?

MR. STOCKELL: Yes, sir.

MR. DUGGAN: M. B. Duggan, Room 8, Terminal Station, Atlanta, Georgia, Agent for the Tennessee carriers, all Tennessee carriers.

EXAMINER McGRATH: Have you been admitted to practice?

MR. DUGGAN: No.

EXAMINER McGRATH: Are you representing more than one carrier?

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MR. DUGGAN: All of the Tennessee carriers.

EXAMINER McGRATH: In what capacity?

MR. DUGGAN: I am the publishing agent.

MR. GWATHMEY: Mr. Duggan is chairman of the Southern Passenger Association and is agent on behalf of all the railroads operating in Tennessee. He also signed the petition in this case. He is merely appearing here without intending to take an

active part in the proceedings, in order to let it be known that he is here, representing all of the Tennessee railroads.

EXAMINER McGRATH: You are representing those railroads as counsel, are you not?

MR. GWATHMEY: Yes, sir.

MR. DUGGAN: I am only the publishing agent.

EXAMINER McGRATH: Who appears for the Tennessee Commission?

MR. JOUROLMON: Leon Jourolmon, Jr., 123 War Memorial Building, Nashville, Tennessee, and Mr. J. O. Hendley, 110 War Memorial Building, Nashville, Tennessee.

EXAMINER McGRATH: Are there any other appearances?

MR. MILLER: Yes, Mr. Examiner, M. B. Miller, Room 5319 Federal Office Building No. 1, Washington 25, D. C., appearing on behalf of the Price Administrator and the Economic Stabilization Director. I am a registered practitioner.

EXAMINER McGRATH: Are there any further appearances?

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*(No response).

EXAMINER McGRATH: This is an investigation instituted by the Commission in response to a petition filed by common carriers by railroad operating in Tennessee, alleging violation of Section 13(4), of the Interstate Commerce Act, to determine whether the refusal of the Railroad and Public Utilities Commission of Tennessee to authorize or permit the application for the transportation of passengers traveling intrastate in Tennessee of fares and charges corresponding to those established for interstate application on October 1, 1942, causes any undue or unreasonable advantage, preference or prejudice as between persons or localities in intrastate commerce on the one hand and interstate or foreign commerce on the other, or any undue, unreasonable or unjust discrimination against interstate or foreign commerce; and to determine what fares and charges, if any, or what maximum or minimum or maximum and minimum fares and charges

shall be prescribed to remove such unlawful advantage, preference, prejudice or discrimination, if any, as may be found to exist.

Respondents may proceed.

MR. GWATHMEY: I will call Mr. Gaffney.

JOHN F. GAFFNEY, JR.

was sworn and testified as follows:

DIRECT EXAMINATION

Q. (By Mr. Gwathmey) Please give your name and state your

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*residence and official railroad position.

A. John F. Gaffney, Jr., Nashville, Tennessee, General Passenger Agent, The Nashville, Chattanooga & St. Louis Railway.

Q. State how long you have held your present position and, very briefly, your previous experience in passenger traffic matters.

A. I have been General Passenger Agent since August 15, 1930. My service with the Passenger Traffic Department of The Nashville, Chattanooga & St. Louis Railway dates from August 1, 1902.

Q. On whose behalf are you testifying in this proceeding?

A. The Nashville, Chattanooga & St. Louis Railway was designated to act as Chairman of the Railroad Committee in presenting this case and I am speaking for all of the railroads operating within the State of Tennessee; to which, the Tennessee Public Utilities Commission has denied authority to put their intrastate passenger fares on the interstate basis in accordance with passenger tariffs filed with it to become effective December 1, 1942.

Q. Before proceeding with your testimony I think it would be well to place before the Examiner a map showing the railroad lines in Tennessee. You have, I believe, such a map which you wish to offer as an exhibit.

A. Yes.

MR. GWATHMEY: Mr. Examiner, I would like to have

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this *marked for identification Exhibit No. 1 of Mr. Gaffney.

EXAMINER McGRATH: Very well.

(Exhibit 1, witness Gaffney, marked for identification).

MR. MILLER: Mr. Examiner, there is prepared testimony being used in this case. I believe the Commission's rules provide that copies shall be distributed to the parties.

EXAMINER McGRATH: Have you extra copies?

THE WITNESS: Yes, I have.

MR. GWATHMEY: Give Mr. Miller and Mr. Jourolmon copies. There have been some minor changes made.

Q. (By Mr. Gwathmey) Now, Mr. Gaffney, this map as I understand shows primarily the lines of the Nashville, Chattanooga & St. Louis Railway, is that correct?

A. That is correct.

Q. Does it also show the location of the lines of other railroads operating in Tennessee?

A. It does, sir.

Q. What railroad or railroads operate the largest amount of mileage in the State of Tennessee?

A. The N. C. & St. L. Railway and the Southern Railway. They are very close, the N. C. & St. L. mileage being around 800 miles and the Southern, I am pretty sure, is close to that in the State of Tennessee.

Q. Do such roads as the L. & N., the Illinois Central, Tennessee Central, Gulf, Mobile & Ohio and others also operate in this

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*state?

A. They do, sir.

MR. GWATHMEY: Mr. Examiner, the petition of the railroads for this investigation, dated September 8, 1943, contains a list of all railroads operating in Tennessee. If desired, I will be glad to read them into the record, but I suppose that is hardly necessary.

EXAMINER McGRATH: Is it agreeable to the other side that the petition be made a part of the record by reference?

MR. JOUROLMON: I would like very much to have it done.

EXAMINER McGRATH: It will be so considered then.

MR. GWATHMEY: Then I will not read the names of all the railroads at this time.

MR. HENDLEY: If that petition is made a part of the record, which I am very glad that it is, will the reply of the Tennessee Commission to that petition also be made a part of the record?

EXAMINER McGRATH: If you wish to make that offer when it comes your time, I think that will be satisfactory, probably.

MR. HENDLEY: It won't be so made unless I do make the offer?

MR. GWATHMEY: We have no objection to an understanding that this petition as well as the reply of the Tennessee Commission will be made a part of the record, by reference as plead-

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ing, but as not proof of the facts set out in there, in either document.

EXAMINER McGRATH: Yes. As the Examiner understands the purpose of the offer made here, and the acceptance of the petition, it is merely to give us the names of the railroads operating in Tennessee, that is the only purpose is it not?

MR. GWATHMEY: Yes, sir.

Q. (By Mr. Gwathmey) Mr. Gaffney, I understand from this map that the lines of the Nashville, Chattanooga & St. Louis Railway extend very generally throughout the State of Tennessee, is that correct?

A. That is correct, sir.

Q. And I also note that the main line of the company passing east-west through Nashville and thence to Chattanooga, and thence on to Atlanta passes over the state line into Alabama for a short distance west of Chattanooga?

A. That is correct.

Q. Is that right?

A. Also Georgia.

Q: And it also passes back into Tennessee and for a short distance into Georgia?

A. That is correct.

Q. Then back into Tennessee?

A. That is right.

Q. Please give in chronological order a brief statement of the

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one-way interstate and intrastate basic passenger fares *applicable in Southern Passenger Association territory from April 1, 1908, to date.

A. Generally speaking, the authorized bases of one-way passenger fares in Southern Passenger Association territory, i. e., territory south of the Potomac and Ohio and east of the Mississippi Rivers, including the gateways, for this period were as follows:

From April 1, 1908, to June 9, 1918, inclusive, 2.5 cents per mile, in all classes of equipment.

From June 10, 1918, to August 25, 1920, inclusive, under order of the Director General of Railroads, 3 cents per mile, in all classes of equipment. For the period June 10, 1918, to November 30, 1918, an additional charge of 16 2-3 per cent of the one-way fare was assessed for travel in sleeping and parlor cars.

From August 26, 1920, to November 30, 1933, inclusive, 3.6 cents per mile, in all classes of equipment, plus a surcharge for passengers traveling in sleeping or parlor cars of 50 per cent of the charge for space occupied in such cars.

I might divert here a little and point out parenthetically that during the years 1932 and 1933 certain of the southern carriers decided as an experimental proposition to establish lower fares in an attempt to attract additional travel to the railroads in competition with other forms of transportation, particularly with private automobile and buses. For example, from April 1, 1933,

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to November 30, 1933, inclusive, the Mobile and *Ohio Railroad (now Gulf, Mobile and Ohio Railroad), Louisville and Nashville Railroad and Nashville, Chattanooga & St. Louis Railway

had in effect experimental one-way fares on basis of 3 cents per mile in sleeping or parlor cars without surcharge and 2 cents per mile in coaches. During the same period, The Nashville, Chattanooga & St. Louis Railway was experimenting between stations on its line west of Nashville (intrastate in Tennessee) with fares based on 1.5 cents per mile in coaches.

From December 1, 1933, to November 14, 1937, inclusive, 3 cents per mile in sleeping or parlor cars and 1.5 cents per mile in coaches, except that the coach fare on certain roads such as the Illinois Central System, Mobile & Ohio Railroad (now Gulf, Mobile and Ohio Railroad) and St. Louis-San Francisco Railway was kept at 2 cents per mile, these latter roads meeting the 1.5 cents per mile competition between certain points.

From November 15, 1937, to January 14, 1939, 3 cents per mile in sleeping or parlor cars and 2 cents per mile in coaches.

From January 15, 1939, to February 9, 1942, inclusive, 3 cents per mile in sleeping or parlor cars and 1.5 cents per mile in coaches, except on certain lines such as the Gulf, Mobile and Ohio Railroad, Illinois Central System, St. Louis-San Francisco

*[13]

Railway coach fare was 2 cents per mile, competition being met between certain points.

From February 10, 1942, to September 30, 1942, 3.3 cents per mile in sleeping or parlor cars and 1.65 cents per mile in coaches, except on lines of the Gulf, Mobile and Ohio Railroad, Illinois Central System, and St. Louis-San Francisco Railway fare was 2.2 cents per mile, meeting competition between certain points.

A comparison of the authorized basic coach fares in effect for the several periods mentioned with the coach fare being sought in these proceedings, i. e., 2.2 cents per mile, which is the same coach fare currently in effect for interstate traffic, shows:

For the period April 1, 1908, to June 9, 1918, the fares were approximately 13½ per cent higher.

For the period June 10, 1918, to August 25, 1920, the fares were approximately 36 per cent higher.

For the period August 26, 1920, to November 30, 1933, the fares were approximately 63½ per cent higher.

Q. When and under what circumstances was the 2.2 cent coach fare made applicable for interstate transportation generally throughout the south?

A. On July 14, 1942, substantially all railroads operating in Southern Passenger Association Territory (except those roads which were maintaining at the time a coach fare of 2.2 cents

*[14]

per mile) filed a petition with the Interstate Commerce Commission for authority to place their one-way coach fares on the same basis as in effect generally throughout the United States. When this petition was filed the great majority of the southern roads had in effect a coach fare on the basis of 1.65 cents per mile. However, certain roads, for example, the Gulf, Mobile and Ohio Railroad, Illinois Central System and St. Louis-San Francisco Railway had in effect at that time coach fares on the basis of 2.2 cents per mile, this being the same basis generally in effect throughout the rest of the United States.

The authority sought was granted by the Interstate Commerce Commission in its order dated August 1, 1942, modifying the original order in Ex Parts 148, Increased Railway Rates, Fares and Charges, 1942, 248, I. C. C. 545, and the basis of coach fares authorized thereunder, i.e., 2.2 cents per mile for interstate traffic, was made effective on October 1, 1942.

Q. And is it now in effect?

A. Yes, sir.

When the petition to which you refer was filed with the Interstate Commerce Commission, was there any protest filed with the Commission in connection with the proposed increase?

A. No. However, after the Interstate Commerce Commission had entered its order of August 1, 1942, approving the increase and after tariffs had been filed as authorized by the Interstate

*[15]

Commerce Commission, Mr. Leon Henderson, then Price Administrator, filed a written protest and request for suspension. The Interstate Commerce Commission refused to suspend the tariffs and they became effective, as previously stated, on October 1, 1942.

Q. What one-way coach fare is now being charged by the Tennessee Railroads for intrastate transportation in Tennessee?

A. The basis of one-way coach fares generally maintained by the Tennessee carriers is 1.65 cents per mile. However, certain of the Tennessee carriers, i. e., Gulf, Mobile and Ohio Railroad, Illinois Central System, and St. Louis-San Francisco Railway, now have in effect a coach fare of 2.2 cents per mile except in such instances where they meet competition of the lines maintaining 1.65 cents per mile fare.

EXAMINER McGRATH: Is that fare in effect intrastate?

MR. GWATHMEY: Yes, sir.

EXAMINER McGRATH: Over the Illinois Central 2.2?

THE WITNESS: 2.2 except where they meet competition, Mr. Examiner, of the other lines.

Q. (By Mr. Gwathmey) In other words, Mr. Gaffney, I understand from your statement that the Tennessee Railroad and Utilities Commission has refused to permit certain of the railroads operating in the state to put their fare on the 2.2 cent basis intrastate, notwithstanding the fact that some of the railroads operating in the same state already have their fares on that basis?

A. That is correct, sir.

Q. Is that right?

*[16]

*A. That is correct, sir.

Q. And that is the situation today?

A. That is right.

Q. Subsequent to the establishment of the interstate coach fare of 2.2 cents per mile to and from points in Tennessee, did the

Tennessee lines undertake to establish the same basis of fares intrastate in Tennessee?

A. Yes.

Q. Explain what steps were taken and the results of the efforts of the Tennessee lines in this direction.

A. As previously shown, tariffs and supplements reflecting the establishment of 2.2 cents per mile, were filed with the Tennessee Public Utilities Commission to become effective December 1, 1942. These tariffs and supplements were suspended by order of the Tennessee Public Utilities Commission in its order entered November 25, 1942. A hearing was held before the Commission on May 13, 1943, and a decision rendered August 30, 1943, denying the proposal of the carriers to make the fares proposed effective in the State of Tennessee.

Q. Does that mean that almost exactly an entire year has now elapsed since the railroads undertook to make this increase in fares effective in Tennessee?

A. Yes, sir, in other words from May until August.

*[17]

*Q. What?

A. From May until August. The hearing was held—

Q. You didn't understand my question.

EXAMINER McGRATH: Read the question.

(The question was read.)

A. That is correct, it was almost a year.

Q. (By Mr. Gwathmey) In other words, your tariffs were published to become effective on December 1, 1942?

A. 1942.

Q. Now, after the Tennessee Commission had suspended the tariffs how much time elapsed before the railroads were able to obtain a hearing before the Tennessee Commission?

A. May, 1943, under date of May 13, 1943.

Q. In other words, there was a period of nearly six months, wasn't it?

A. Practically six months.

Q. After the hearing had been held, how long was it before the railroads got a decision from the Tennessee Commission?

A. August 30, 1943.

Q. About three and a half months?

A. Yes, sir.

Q. So that during all this time the railroads have been denied the revenue which they would have received had this increase been made effective as proposed?

A. That is correct.

*[18]

*Q. Is that right?

A. That is correct, sir.

Q. Have the railroads in the south, including the Tennessee lines, sought within recent months to put their intrastate passenger fares in other states on the interstate basis?

A. Yes.

Q. State what action has been taken by the various state commissions in the proceedings involving the proposed increases in passenger fares.

A. Petitions were filed with the Commissions in those states, the laws of which require that the authority of the State Commission be first obtained. In other states, in which no such requirement exists, tariffs designed to make effective the coach fare of 2.2 cents per mile were duly filed with the State Commissions.

The State Commissions of Florida, Louisiana, Mississippi, South Carolina, Virginia and Georgia have already approved the proposed fares.

Q. Are the increased fares in coaches now in effect in each of those other states intrastate?

A. Yes, if they have had time to get their tariffs in effect, because the Commission has approved of them in all the states I mentioned, and I presume those tariffs are in effect, if they have had time to get the tariffs in effect.

Q. Go ahead with your answer.

*[19]

*A. The Railroad Commission of Kentucky denied the increase

in coach fares, but permitted the Kentucky lines to put into effect the round-trip fares good for transportation in sleeping or parlor cars. Hearings have been held in the States of Alabama, North Carolina and Tennessee. The regulatory Commissions in these three states have denied the increase.

Q. Have 13th Section proceedings already been instituted in respect to the fares in Alabama and Kentucky, as well as in Tennessee?

A. Yes, sir.

Q. What is the status of the proceedings in Alabama and Kentucky, have they already been heard?

A. Yes, sir, they have.

Q. And are they now pending before the Interstate Commerce Commission?

A. They are pending before the Interstate Commerce Commission.

Q. Do all of the Tennessee lines maintain a one-way coach fare of 2.2 cents per mile for interstate transportation to and from points in Tennessee?

A. Yes.

Q. Is this fare of 2.2 cents per mile now in effect for interstate transportation throughout the south and generally throughout the remainder of the United States?

A. Yes, with a possibility of a few exceptions on lines operating west of the Mississippi River.

*[20]

*Q. Please explain how it happened that prior to October 1, 1942, some, but not all, of the southern railroads had in effect a coach fare of only 1.65 cents per mile, whereas, the fare generally applicable in other parts of the country was 2.2 cents per mile.

A. In Docket 26550, Passenger Fares and Surcharges, decided February 28, 1936, and reported in 214 I. C. C. 174, the Interstate Commerce Commission, after conducting an extended investigation, found that passenger fares of 2 cents per mile for transportation in coaches and 3 cents per mile for transportation

in sleeping or parlor cars throughout the United State would be reasonable. In the same case the Commission referred to what it described as the "Experimental coach fare" of 1.5 cents then being maintained by certain railroads in the southeast and, although approving the reasonableness of a coach fare of 2 cents per mile, held that the reduced coach fare of 1.5 cents was not "unlawful."

As previously indicated, effective November 15, 1937, the Southeastern roads increased their basic one-way fare from 1.5 cents per mile to 2 cents per mile. Subsequently, certain of the Southeastern carriers, not including however, the Illinois Central System; Gulf, Mobile and Ohio Railroad and the St. Louis-San Francisco Railway, and possibly some of the smaller roads, concluded it would be to their advantage to restore the former one-

*[21]

way coach fare of 1.5 cents *per mile. This was done effective January 15, 1939.

By its order of January 21, 1942, in Ex Parte No. 148, the Interstate Commerce Commission, upon petition of the railroads operating throughout the United States, approved a uniform increase of ten per cent in all passenger fares with certain provisions as to the disposition of fractions. Accordingly, passenger fares throughout the United States were increased ten per cent effective February 10, 1942. The general basis of coach fares, i.e., 1.5 cents per mile, applicable in the Southeast, with the exceptions heretofore mentioned, automatically became 1.65 cents per mile. On the other hand, the former fare of 2 cents per mile which was being maintained by the railroads in all other parts of the country, including some of the railroads in the Southeast, became 2.2 cents per mile. This ten per cent increase was also approved by the Tennessee Commission for intrastate travel on lines then maintaining a 2 cent per mile basis as well as lines maintaining a basic fare of 1.5 cents per mile.

MR. JOUROLMON: I wish to interpose an objection to the question and the answer, so far as it attempts to construe the

orders of the Interstate Commerce Commission, which are the best evidence of the action taken by the Interstate Commerce Commission.

EXAMINER McGRATH: Well, that objection is sound. The decisions will speak for themselves.

*[22]

*MR. JOUROLMON: Thank you.

MR. GWATHMEY: Mr. Examiner, of course, we merely are undertaking to review the history of this matter, and in so doing we have necessarily to refer you to a decision of the Interstate Commerce Commission.

There has been no attempt to interpret the decisions, but we state the facts as found by the Commission. This is merely a narrative discussion, setting forth the action which the Commission has taken, and insofar as any attempt to or any purpose to interpret the Commission's action, of course, Mr. Jourolmon's objection is sound, and I am glad to have it understood that the testimony is not offered for any such purpose.

Q. (By Mr. Gwathmey) Mr. Gaffney, do the passenger trains operated in the state of Tennessee carry both interstate and intrastate passengers?

A. Yes, they do.

Q. Do interstate and intrastate passengers frequently ride on the same trains and in the same coaches?

A. Yes, they do.

Q. Do you, as an experienced railroad passenger traffic officer, know of any reason which would justify the maintenance of a fare of only 1.65 cents per mile for intrastate coach transportation within the State of Tennessee, when an interstate passenger

*[23]

traveling to or from points within the state is required to pay 2.2 cents per mile?

A. No.

Q. From a traffic standpoint are there any differences in the surrounding circumstances and conditions pertaining to the two types of transportation?

A. Absolutely none.

Q. With the present differences between intrastate and interstate fares, is it possible for a passenger to defeat interstate fares to and from points in Tennessee by buying an intrastate ticket for a part of a trip?

A. Yes.

Q. Have you prepared an exhibit which illustrates this situation?

A. Yes.

Q. Will you distribute that exhibit, please?

A. Yes.

MR. GWATHMEY: And may we ask that it be marked for identification Exhibit No. 2.

EXAMINER McGRATH: It will be so marked.

(Exhibit 2, witness Gaffney, marked for identification.)

Q. (By Mr. Gwathmey) Go ahead, Mr. Gaffney, and illustrate that.

A. As one illustration, the published interstate one way coach fare Nashville, Tennessee, to Chattanooga, Tennessee, is \$3:37

*[24]

(2.2 cents per mile). It is possible to purchase a *one way coach ticket from Nashville to Anderson, Tennessee, at the intrastate fare \$1.71 (1.65 cents per mile) and pay cash on train from Anderson, Tennessee, to Chattanooga, Tennessee, at interstate fare of \$1.10 (2.2 cents per mile), total Nashville, Tennessee, to Chattanooga, Tennessee, (intrastate trip) \$2.81, thereby defeating the through, published interstate fare by \$.56.

I file Exhibit No. 2 giving a number of illustrations or examples of possible reductions of this character. Many others could be given.

MR. MILLER: I would like to interpose an objection to the exhibit. It is offered for the purpose of showing possibilities, and yet there is no schedule of trains here which indicates that the possibilities are either possible or practical, and for that reason I think the exhibit lacks very essential material.

THE WITNESS: No schedule of the trains?

EXAMINER McGRATH: Can you develop that information?

Q. (By Mr. Gwathmey) Mr. Gaffney, you are the General Passenger Agent of the N. C. & St. L. Railway, are you not?

A. Yes, sir.

Q. And you are entirely familiar with the schedules of passenger trains?

A. Yes, sir.

Q. And the operation of passenger trains?

*[25]

*A. Yes, sir.

Q. Please state whether or not you have given here typical illustrations of instances in which it is as a fact possible for a passenger to defeat the through fares?

A. I have, sir.

Q. In the manner in which you have stated?

A. I have, sir.

MR. GWATHMEY: I ask that the objection be overruled.

EXAMINER McGRATH: Does that answer your objection, Mr. Miller?

MR. MILLER: Well, it—he says so, but I think the testimony ought to demonstrate the fact.

MR. JOUROLMON: We will just have to develop that on cross examination, Mr. Examiner.

EXAMINER McGRATH: Yes.

MR. JOUROLMON: He has made the statement.

EXAMINER McGRATH: The objection will be noted. Proceed.

MR. GWATHMEY: Mr. Examiner, I don't think it is necessary to burden the record by having this witness enumerate here the schedules of all of these passenger trains. We will later on, if desired by counsel for the O. P. A. file a schedule of our passenger trains showing just what—final time tables, showing just what the schedules are.

MR. MILLER: That would be fine, I would be perfectly will-

*[26]

ing to let that schedule be filed as supplementary, a supplementary exhibit to this to show how the various connections on this exhibit are made. I think that would be very helpful.

MR. GWATHMEY: I understood the Examiner has directed me to proceed, is that correct?

EXAMINER McGRATH: That is right.

Q. (By Mr. Gwathmey) Mr. Gaffney, do passengers actually defeat the interstate fares in the manner you have indicated?

A. While it will be appreciated this is a difficult and almost impossible matter to prove, it is common knowledge advantage has been taken by interstate passengers buying tickets at the lower intrastate fare to some points and rebuying from such points, or paying cash fares on trains to destinations. The condition which permits of this does exist but it is difficult to police.

MR. MILLER: I want to object to the last sentence of that testimony on the ground that he doesn't know that this condition does exist of his own personal knowledge, and I object to the answer on the ground it is hearsay.

EXAMINER McGRATH: What is the basis of your testimony, Mr. Gaffney?

THE WITNESS: Why, Mr. Examiner, we do hear from our conductors and others that this is being done, and I have had knowledge of that down during the years. Only recently one case, we know that one—

EXAMINER McGRATH: We are only concerned with the

*[27]

present time, the situation that prevails at the present time.

THE WITNESS: We do get information, of course, as I say, I can't trace it down and say the name of the persons, but we do know it is being done. We do know of people buying tickets from Nashville to Memphis, Tennessee, and riding to points down in Texas by rebuying, and to Louisiana, and places like that. The public gets on to these things, they don't tell you when they are going to do a thing like that, and you can't put your fingers on it. We know it is being done.

Q. (By Mr. Gwathmey) You are the passenger representative of the company, and it is your business to keep in touch with such matters, is that true?

A. Yes, sir.

Q. You are constantly getting reports from your representatives, conductors and otherwise, as to what actually happens?

A. We certainly are, sir.

MR. GWATHMEY: Mr. Examiner, I submit that the objection does not go to the relevancy.

EXAMINER McGRATH: The objection is overruled.

MR. JOUROLMON: I think that another objection to the answer which was originally made, which may have healed some of the things that have been said is that it is based on what he calls "common knowledge." There is no definition of just what common knowledge is.

EXAMINER McGRATH: You can ask him and develop that
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on *cross examination.

MR. JOUROLMON: That is simply another way of saying that it is a conclusion of the witness, an opinion, rather than based on any actual, factual information.

EXAMINER McGRATH: Let's get it clear on the record, is that what it is, an expression of your opinion, or is it based on information that you have received from conductors and others in the employ of the railroad?

THE WITNESS: It is based on information I have received from conductors and other employees of our railroad.

Q. (By Mr. Gwathmey) In the regular course of your business?

A. Correct, sir.

MR. MILLER: I would like to point out it is not an impossibility to bring some of the railroad employees into the hearing so that we will have the opportunity to cross examine them concerning this fact. And that is the basic reason for excluding hearsay in a public hearing, is the fact that we do not have opportunity

to cross examine the people who do know or who have first hand knowledge of the situation, and we do not have this opportunity at this time, from this witness.

EXAMINER McGRATH: The Examiner has ruled, and that ruling stands.

Q. (By Mr. Gwathmey) Have you prepared an exhibit illustrating that the present lower intrastate coach fares in Tennessee result in discrimination against interstate passengers? If so,

*[29]

*please offer your exhibit and explain it.

A. Yes. I file Exhibit No. 3 showing this information.

MR. GWATHMEY: May we have this identified as No. 3?

EXAMINER McGRATH: No. 3, yes.

(Exhibit No. 3, witness Gaffney, marked for identification.)

MR. MILLER: I would like to object to this exhibit on the ground it calls for a conclusion of law by the witness. The question is whether the exhibit has been prepared illustrating discrimination against interstate commerce. That is the issue to be decided.

MR. GWATHMEY: I didn't read it that way.

MR. MILLER: I'm sorry, I misunderstood.

MR. GWATHMEY: I read it discrimination against interstate "passengers."

MR. MILLER: You used the word "discrimination."

MR. GWATHMEY: Yes.

MR. MILLER: I think that is the conclusion involved, and I think that is for the Commission to decide.

MR. GWATHMEY: Very well, I will modify the question, if it pleases counsel for the O. P. A., and make it read "Illustrate the differences in charge to interstate versus intrastate passengers." Does that satisfy you?

Q. (By Mr. Gwathmey) Go ahead.

A. I file Exhibit No. 3, showing this information. As an ex-

*[30]

ample of this, the interstate coach fare on basis of 2.2 *cents per

mile Nashville, Tennessee, to Chattanooga, Tennessee, distance 151.7 miles is \$3.37, whereas, the intrastate fare on basis of 1.65 cents per mile from Nashville, Tennessee, to Jackson, Tennessee, a distance of 152.9 miles is only \$2.60, a difference of \$.77. The examples shown in the exhibits are only illustrative and many more cases could be supplied.

Q. Please look at example No. 7, that is the rate from Jackson, Tennessee, to Knoxville, Tennessee. In that connection you show what the interstate charge is, and what the intrastate charge is. How does that work out, and how does it operate in its effect upon the handling of a passenger?

A. It shorthauls the N. C. & St. L. Railway in this manner, for instance, a passenger can apply at our ticket office in Jackson, Tennessee, and he will be sold a ticket from Jackson, Tennessee, to Knoxville, Tennessee, via the N. C. & St. L. Railway connection, transfer being added to that rate, Tennessee Central to Harri-man, thence Southern Railway, for a total charge of \$6.95, whereas if that same passenger should use our own line, N. C. & St. L., to Chattanooga, thence Southern Railway to Knoxville, it would cost him a total of \$8.18.

Q. In other words, your line between Nashville and Chattanooga passes out of the state?

A. That is right, it is an interstate trip.

Q. So it is an interstate trip?

A. Yes, sir.

*[31]

*Q. And there you have the opportunity for a passenger to obtain a lower fare by following an intrastate route than he would obtain—

A. Yes, sir.

Q. —if he took the interstate route?

A. Making a difference of \$1.23.

Q. Do passengers do that so far as you know?

A. Yes, sir, they do do that.

MR. MILLER: I object to that unless it is qualified, on the ground it is hearsay.

MR. GWATHMEY: Mr. Examiner, the witness has stated that he knows.

EXAMINER McGRATH: Let the witness say.

MR. GWATHMEY: He can cross examine him he wants to.

EXAMINER McGRATH: What is the basis of that testimony, Mr. Gaffney?

THE WITNESS: Why, only recently our agent at Jackson wired into the office for a reservation from Nashville to Knoxville via the Tennessee Central, and he sold a through ticket from Jackson to Knoxville via that route.

Q. (By Mr. Gwathmey) Does that mean that the Southern Railway is cut out of that business?

A. The Southern Railway—no.

Q. Shorthauled?

A. Shorthauled, yes.

*[32]

*Q. Take a movement from, No. 8, Memphis to Knoxville, and explain how that works.

A. A passenger could apply to either one of our ticket offices in Memphis for a ticket from Memphis, Tennessee, to Knoxville, Tennessee, ride our line to Nashville, transfer to the Tennessee Central to Harriman, thence Southern Railway. That ticket would be sold to him at the rate of \$7.10, whereas if he was going direct over the Southern Railway, for instance, which is the short line from Memphis to Knoxville, if he was going directly over that line or coming via Nashville, our line to Chattanooga, thence Southern Railway, it would cost him \$9.39, a difference of \$2.29.

Q. So in that instance also is the interstate movement broken down or prevented by reason of the ability to obtain a lower fare intrastate?

A. Yes, sir, it is.

Q. Did the Interstate Commerce Commission—

A. I think it would be well for me at this point to file those

two exhibits that the L. & N. Railroad asked us to file, in the same connection.

Q. Have you two similar exhibits which will disclose typical examples of differences in the case of the Louisville & Nashville Railroad?

A. Yes, sir.

Q. Which one will be first?

*[33]

*A. The first exhibit is a statement showing the one way interstate cash fare from or to Louisville and Nashville Railroad point in Tennessee compared with the fares based on combination of fares to or from intermediate Tennessee points.

MR. GWATHMEY: This will be No. 4.

EXAMINER McGRATH: 4, yes.

(Exhibit No. 4, Witness Gaffney, marked for identification.)

Q. (By Mr. Gwathmey) And the second exhibit is headed what?

A. The second exhibit is headed "Statement Showing Tennessee Intrastate Oneway Coach Fares from or to Representative L&N Railroad Points to Tennessee, Compared with Interstate fares from or to Points on the L&N Railroad in Tennessee for Equal Distance Trips," and also showing the amount of Tennessee intrastate under the interstate fares. That will be Exhibit 5.

EXAMINER McGRATH: 5, yes.

(Exhibit No. 5, Witness Gaffney, marked for identification.)

Q. (By Mr. Gwathmey) Mr. Gaffney, as I understand it, these two exhibits are substantially similar to your Exhibits 3 and 4?

A. Yes sir.

Q. As to your railroad, only applying to the Louisville and Nashville Railroad, is that right?

A. That is correct. I would like to say for the record the

figures shown in the last column of our NC&St.L exhibits 2 and

*[34]

*3, the dollar sign should appear there.

Q. Where, at the end of the last column?

A. For instance, like Nashville, Tennessee, to Stevenson, Alabama, it shows the distance and the fare per mile and the oneway coach fare. That should be a dollar sign.

MR. GWATHMEY: All right.

MR. JOUROLMON: I think we will have to make an objection to the filing of these exhibits by this witness unless he is prepared to testify that they were made under his direction, and that he is fully conversant with them. They seem to be the exhibits of another carrier.

MR. GWATHMEY: This witness is testifying on behalf of the Louisville and Nashville Railroad, as well as all other Tennessee railroads. These two exhibits are simply taken from tariffs and are compilations showing the actual differences in fares over the line of the L&N Railroad. Anybody can verify them from the tariffs.

EXAMINER McGRATH: That is all they are designed to show?

MR. GWATHMEY: That is all.

MR. JOUROLMON: They will be accepted with that explanation, under those circumstances.

EXAMINER McGRATH: You withdraw your objection then?

MR. JOUROLMON: Yes, I do.

Q. (By Mr. Gwathmey) Mr. Gaffney, did the Interstate Commerce Commission have before it in the original and reopened pro-

*[35]

ceed-ing in Ex Parte 148 a full and complete record of the facts concerning revenues, expenses, operating conditions, financial conditions, etc., of the southern railroads, including the Tennessee lines, as well as of railroads operating in other parts of the South?

A. Yes. It is my understanding copy of the record is on file

with this Commission, and also with the Tennessee Commission.

Q. Was a copy of that record lodged with the Railroad Commission of Tennessee, as well as other state commissions in the South?

A. Yes sir.

Q. In the report and order of the Interstate Commerce Commission on the further hearing in Ex Parte 148 decided April 6, was there any modification made in any way in its previous findings in connection with the present interstate standard passenger fares?

A. No, there was not.

MR. JOURLOMON: Here again I have that same objection with reference to this witness' interpretation of what the ICC has done, because the ICC's own order is the best evidence.

MR. GWATHMEY: I will ask, in view of that objection, that the witness be permitted to read three lines, the concluding statement on this subject.

MR. MILLER: It would seem that would be proper material on brief, would it not, Mr. Gwathmey?

MR. GWATHMEY: Yes.

*[36]

*EXAMINER McGRATH: The Commission's report will speak for itself.

MR. GWATHMEY: Very well, sir.

EXAMINER McGRATH: There is no necessity of repeating it in the record. You have reference to it. Is there some portion that you wish to comment upon? If so, give us specific reference to that.

MR. GWATHMEY: I haven't got the page reference, unfortunately, but it is the ultimate finding of the Commission with respect to passenger fares.

EXAMINER McGRATH: That is enough.

MR. JOURLOMON: If you simply wish to place in the record these words, which I will read, I see no objection to doing it, that the Commission said "We find no modification of our previous

findings, orders, and authorizations respecting the present interstate standard passenger fares necessary.—”

MR. GWATHMEY: That is all I proposed to read or would have read if you had not objected.

MR. JOURLON: All right, I am quite willing for you to do that.

MR. GWATHMEY: Mr. Examiner, I would like to have incorporated into the record by reference, being public documents now in the files of the Interstate Commerce Commission, a petition which was filed by the Office of Price Administration dated

*[37]

July 31, 1943, asking for a general investigation of interstate passenger fares in the South; also a copy of the written reply to that petition filed by the respondent railroads dated August 9, 1943; also a petition filed by the Alabama Public Service Commission asking for a similar investigation; a petition filed by the North Carolina Public Utilities Commission asking for a similar investigation; the letter which the railroads wrote to the Secretary on September 8, 1943, asking that their original reply to the OPA petition be considered also as their reply to the petition of the Alabama Commission; also Secretary Bartell's letter of October 13, 1943, addressed to Hon. Stanley Winborne, Chairman, North Carolina Utilities Commission, Hon. Hugh White, President, Alabama Public Service Commission, and Hon. Prentiss M. Brown, Price Administrator, in which it was stated, after referring to the three petitions which I have mentioned "You are advised that the Commission upon consideration of the petitions in conference on October 11, 1943, voted to deny the petition." I have copies of that letter here which I will be glad to distribute if anybody wants them.

MR. MILLER: Mr. Examiner, I have no objection to that if—I see no objection to this request, if the record can show that the vote of the conference was Commissioners Mehaffee, Rogers and Aldredge voting for the petition and Commissioner Lee present but not voting, and Commissioner Eastman not present. That, of

*[38]

course, will be shown by the Commission's *official records.

MR. GWATHMEY: Mr. Examiner, this is the first time I have ever heard a suggestion made that there should be incorporated into a formal record before this Commission the matter of how the Commission may have voted on some case.

EXAMINER McGRATH: I don't think that is essential. However, it seems to me you are going to unnecessary length to establish a simple fact that those petitions were filed and the action taken on them. Wouldn't that be sufficient?

MR. GWATHMEY: I am merely asking that they be considered as part of the record by reference, and I have given reference to each one.

EXAMINER McGRATH: Is there objection to that procedure?

MR. MILLER: May I make this statement? It seems to me that this Commission can take judicial notice of its own minutes and actions.

EXAMINER McGRATH: That is true.

MR. GWATHMEY: It may be understood these are incorporated by reference?

EXAMINER McGRATH: Just request that the Commission take judicial notice of those petitions and the action taken on it.

MR. GWATHMEY: I would like, if there is no objection, to have the petitions themselves considered as a part of this record, for the reason that the petitions show the grounds upon which the requests for investigation were made.

*[39]

*EXAMINER McGRATH: Is there any objection to them being made a part of the record for that purpose?

MR. MILLER: I have no objection.

EXAMINER McGRATH: All right, they will be so considered.

MR. GWATHMEY: Thank you.

Q. (By Mr. Gwathmey) Mr. Gaffney, are the railroads, including the Tennessee lines, encountering any particular difficul-

ties or incurring any unusual expenses in connection with passenger train operations under present conditions?

A. Yes, they are. The handling of military movements necessarily entails substantial added costs. Equipment must be assembled at point of origin and this, in many instances, necessitates dead-heading equipment long distances. In addition, after the movement has been completed the equipment must in many cases be returned from destination point.

To comply with the Government requirements, it is necessary for a "train escort" to ride troop trains. This, of course, is an added item of expense.

That proper protection may be accorded, in accordance with the requirements of the Government for military movements, it has been necessary to increase the personnel in general offices in order that such offices may be on duty, in some instances, for 24 hours each day and others from 12 to 16 hours per day. This also is an item of additional expense.

*[40]

Because of the volume of military, as well as civilian, travel the railroads have been compelled not only to increase their general office forces but also to increase the forces in ticket agencies, another item of expenses.

Large sums of money have been spent in the last decade in remodeling and air-conditioning passenger equipment all in an effort to recapture a portion of the traffic using other modes of transportation, particularly from the highways. While the monies expended for these improvements have provided additional comforts and conveniences to the traveling public at, so far as coach travel is concerned, the lowest charge ever made by the railroads, it materially increased the cost of service.

Several months ago, Mr. Fitzgerald Hall, our president, had a conference with his operating and traffic officials and discussed with them at considerable length the entire passenger traffic situation as at present existing on the NC&StL; and directed that sufficient help, regardless of number or expense, be employed at

our stations and in our trains in order to more satisfactorily take care of the traveling public. He stated, for instance, that on our trains where we now have one porter to employ as many additional porters as necessary to keep our coaches clean and sanitary and for the assisting of women and children in the handling of their baggage on and off our passenger trains even though this meant placing a porter on each coach.

Mr. Hall also authorized the employment of passenger agents

*[41]

*at our larger terminals solely for the purpose of keeping closely in touch with the traveling public and for the purpose of solving any travel problems they may have.

The NC&StL Railway alone has air-conditioned and modernized thirty (30) of its passenger cars and three (3) dining cars, installing in the coaches modern rest-rooms for both men and women, some of them with reclining chairs. In so doing the seating capacity was reduced from 88 to 58 passengers. The modernization of these coaches, which provides fewer seats and therefore less revenue, cost us from \$10,000 to \$17,000 per car.

We purchased from the Pullman Company twenty-two (22) Pullman parlor cars and converted them into day coaches. Also twenty (20) new locomotives for use in both passenger and freight service.

Other lines operating in Tennessee have also spent large sums of money in the purchase of new and the modernization of coaches. For instance, I understand the Southern Railway System Lines have air-conditioned or purchased new with air-conditioned facilities—189 coaches.

All of these facilities and services add to the cost of operations. They are available to Tennessee intrastate passengers as well as interstate passengers to or from Tennessee or passing through Tennessee, and the interstate passenger pays for this service on

*[42]

the basis of 2.2 cents per mile, *whereas, the intrastate passengers pay but 1.65 cents per mile.

Q. Please state for the record the number of troop trains op-

erated on the NC&StL Railway during the months of August and September, 1943, and the number of cars handling troops operated in your regular trains during these months.

A. On the NC&StL Railway, during the month of August, 1943, there were operated 160 troop trains. One hundred and twenty-four (124) regular trains were operated in two sections and four hundred and thirty-five (435) extra cars handling troops were operated in regular trains. During September there were operated on the NC&StL Railway one hundred and three (103) troop trains. One hundred and twenty (120) regular trains were operated in two sections and four hundred and sixty-nine (469) extra cars handling troops were operated in regular trains.

Q. Does the Government pay full tariff fares for troop movements?

A. Between points between which no land grant is involved, an allowance of 5 per cent is made the Government from commercial fares of all classes. For example Memphis to Nashville, the intrastate commercial fare is \$4.00 less 5 per cent deduction, 20 cents, to the U. S. Government gives net coach fare, intrastate, \$3.80. There is no land grant in Tennessee.

Q. At the time the one-way coach fare for interstate transportation was increased to 2.2 cents per mile, was any exception made as to members of the Armed Forces in uniform on furlough?

*[43]

*A. Yes, there was. Upon the request of the United States Government, reduced round-trip coach fares on the basis of $1\frac{1}{4}$ cents per mile were authorized for the personnel of the United States Army, Navy, Marine Corps, Coast Guard, Women's Naval Reserves, Women's Army Auxiliary Corps, Women's Coast Guard Reserves and Women's Marine Corps Reserves, traveling in uniform and at their own expense when on official leave, furlough or pass. This same fare is also accorded nurses, when not traveling in uniform, upon presentation of proper identification and, likewise, is accorded under similar conditions to the personnel of military forces of the several allied nations.

Q. Has there been any proposal to increase this furlough fare for intrastate traffic travel in Tennessee?

A. No proposal has been made to increase the round-trip coach fares for this character of traffic, either interstate, or intrastate.

Q. So far you have dealt primarily with the matter of one-way coach fares. The railroads are here seeking not only to put intrastate coach fares on the interstate basis, but are also seeking to make certain changes in round-trip fares not only in coaches but in Pullman cars. Please explain the present set-up of round-trip fares for interstate travel and state what relief the railroads are here seeking with respect to their intrastate round-trip fares in coaches and Pullman sleeping and parlor cars.

*[44]

*A. Prior to October 1, 1942, in the Southeastern and other territories, there was in effect round-trip fares constructed on various basic fares per mile and with varied return limits.

With the approval of the Interstate Commerce Commission, effective October 1, 1942, the lines generally in all territories in the United States adopted two separate character of round-trip fares, i.e., one good for transportation in Pullman sleeping or parlor cars and the other good for transportation in coaches only, both to bear a uniform return limit of three months from date of sale and these round-trip fares are now in effect for interstate travel.

The fares so approved in Southeastern territory for tickets good for transportation in sleeping or parlor cars are constructed on basis of 166-2/3 per cent of the one-way fare of 3.3 per mile good for transportation in sleeping or parlor cars, or 2.75 cents per mile for the distance traveled.

The round-trip fares good for transportation in coaches are constructed on the basis of 180 per cent of the one-way coach fare of 2.2 cents per mile or 1.98 cents per mile for the distance traveled. The Tennessee carriers are seeking to establish exactly

the same basis of round-trip fares for intrastate transportation in Tennessee as is now in effect for interstate traffic to and from points in Tennessee. To accomplish this it is proposed that the current thirty day limit round-trip coach fare on basis of 2.475

*[45]

cents per mile and the *six months limit fare on the basis of 2.75 cents per mile, both good for transportation in sleeping or parlor cars, be cancelled and that there be substituted in lieu thereof the round-trip three months limit fare on the basis of 2.75 per mile; also, that the current fifteen day limit coach fare on basis of 1.485 cents per mile and the sixty day round trip coach fare on basis of 1.65 cents per mile be cancelled and that there be substituted in lieu thereof round-trip three months limit fare on the basis of 1.98 cents per mile.

Q. Aside from any question of the revenue involved, would the placing of the intrastate fares on the interstate bases be of any benefit to the carriers at this time?

MR. MILLER: I would like to object to that question on the ground it is not relevant to the issues in this proceeding.

MR. GWATHMEY: I cannot conceive of any reason why it is not relevant, Mr. Examiner. Perhaps counsel will state.

MR. MILLER: This is a case of preference, prejudice and discrimination against interstate commerce, and it does not seem to me that the position of the carriers in this respect is at all material.

EXAMINER McGRATH: The objection is overruled.

MR. GWATHMEY: The OPA itself and the Commission both have raised the issue of reasonableness.

EXAMINER McGRATH: Answer the question.

THE WITNESS: Yes, under the existing conditions it would

*[46]

*be most helpful to ticket agents, conductors and others if the several classes of intrastate fares were made uniform with the interstate fares and it would assist materially in giving more prompt service as it would require only consulting the one publication in

which the character of fare, or fares, desired was published. Whereas, at the present interstate fares are published in one set of tariffs and the intrastate fares in others.

It must be remembered that the personnel in the ticket offices has been greatly increased and this personnel, of a necessity, is untrained and everything that would assist in simplifying the work is to be highly desired. This statement applies with equal force to the new personnel in the general offices.

Q. (By Mr. Gwathmey) Does that complete your statement, Mr. Gaffney?

A. Yes sir, it does.

MR. GWATHMEY: Mr. Examiner, we ask at this time that the exhibits that have been identified by the witness marked Nos. 1 to 5, inclusive, be received.

EXAMINER McGRATH: The exhibits are received in evidence.

(Exhibits 1 to 5, inclusive, Witness Gaffney, received in evidence.)

MR. GWATHMEY: The witness is ready for cross examination.

*[47]

*CROSS EXAMINATION

Q. (By Mr. Jourolmon) Mr. Gaffney, that last answer that you gave has to do with uniformity, is that right?

A. That is correct, sir.

Q. In other words, you want to have uniform rates, whether it is interstate or intrastate, is that right?

A. No, Mr. Jourolmon, we would like to have the increased fares because we need them. We need them, and that is the reason for that.

Q. Isn't it true that this last answer really let the cat out of the bag, and that that is the real issue that the railroads are thinking about, rather than trying to increase their already swollen revenues?

A. No sir, that is not correct.

Q. You have not said anything in your testimony so far with reference to the revenue position of these various roads?

A. No sir, but a witness will follow that will give that evidence.

Q. As far as you are concerned, you are a passenger traffic agent of your carrier?

A. That is correct.

Q. And you have been in that work practically all of your life?

A. That is correct.

Q. That is your specialty?

*[48]

*A. Well, yes, in other words, I will qualify that and say this, I have been—unfortunately I have not been a rate and tariff man, I have been a passenger traffic, mostly soliciting man, and I have been head of the passenger department.

Q. Do you regard it as of great importance that your ticket people, your conductors and all others who deal with tickets should have one fare that they can charge intrastate passengers, and the same fare that they can charge interstate passengers, that is the point you are making in this last answer?

A. One—yes, for coaches and Pullmans. Of course, we want a higher fare in Pullman than coaches. We would like to see it uniform all over the United States, yes sir.

Q. That would simplify the work of your people?

A. It certainly would.

Q. And that is a very important consideration so far as you are concerned?

A. That is one.

Q. As a passenger traffic representative of your carrier, here concerned?

A. That is correct.

Q. How long have you been in that?

A. Forty-one years now all told.

Q. And that has always been in the same line and branch?

A. That is right.

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*Q. Of your carrier's service?

A. That is right.

Q. That means then that you were in that same position during the entire period of the historical changes in rates which you have described, is that right?

A. Yes, during all that period I have been with the NC&StL, but I will say to you again, sir, that I am not a rate and tariff man. Most of that period has been soliciting traffic agent for the Nashville, Chattanooga & St. Louis Railway.

Q. When these rate changes have taken place from time to time during the course of history that you have described, has it been your duty to appear before the various regulatory bodies in which your carrier does business, in the territory in which your carrier does business, and make representations with reference to obtaining these changes?

A. That is right.

Q. You have done that with reference to the Interstate Commerce Commission?

A. No, Mr. Duggan handles the Interstate Commerce Commission hearings.

Q. You have done it with reference to the Tennessee Railroad and Public Utilities Commission?

A. I certainly have.

Q. You have said a good deal about the southern carriers placing in an experimental lower fare, lower coach fare of 1.5

*[50]

*cents per mile. What year was that done in?

A. April 1st, 1933, and November 30th, 1933; inclusive, the Mobile & Ohio Railroad, Louisville and Nashville Railroad and the Nashville, Chattanooga & St. Louis Railway had in effect experimental one-way fares on basis of three cents per mile in sleeping cars or parlor cars without surcharge, and two cents per mile in coachs. That was one of the experimental periods. There is another one.

Q. What I am interested in is when your railroad, your carrier, the NC&StL came to the Tennessee Commission and put in these experimental fares, which are the fares in issue right here now, the 1.5 fare?

A. I will have to get that record then, I don't know exactly when that was. Oh, yes, from December 1st, 1933, to November 14th, 1937, inclusive, three cents per mile in sleeping or parlor cars, and 1.5 cents per mile in coaches, except that the coach fare on certain railroads which we have already named was 2.2 cents per mile.

Q. By that you mean that at sometime shortly prior to December 1st, 1943, you came to the Railroad and Public Utilities Commission, and for your carrier placed in effect this 1.5 rate?

A. That was a reduction in fares, Mr. Jourolmon; and it was not necessary to appear before the Commission. All we had to do was just file our tariffs.

Q. Do you recall that of your own knowledge that that was

*[51]

all *that was done at the time?

A. As I recall, that was all, because that is all that was necessary, as you know. Whenever we make a reduction in fares it is not necessary to appear before you. All we have to do is file our tariffs with you. When we increase them that is a different story.

Q. Well, in this particular case didn't the Commission turn down your filing of the 1.5 fare because of the fact it was filed as an experimental fare and the Commission declined to entertain an experimental fare?

A. I don't recall that.

Q. You have no recollection of how that was established?

A. No, I do not, unfortunately, I do not.

Q. Is it your understanding that that rate was finally placed in effect by the Tennessee Commission as an experimental fare?

A. That would be my understanding, it was my understand-

ing it was an experimental fare. It certainly was our understanding.

Q. You have no recollection of the fact that the Tennessee Commission refused to allow the 1.5 fare to be established as an experimental fare, but insisted that the carrier withdraw that rate filed and bring in a permanent rate schedule?

A. No, I don't recall that, Mr. Jourolmon.

Q. To be filed as—

A. I don't recall that.

Q. —as a permanent rate fare?

*[52]

*A. I do not, sir.

Q. You have no recollection of that.

A. No, I have none.

Q. The real truth of the matter is your answer is you have no recollection of whatever happened at that time?

A. No, I haven't. As I said, the usual proceeding with the Tennessee Commission, when a reduction is to be made in the fare or a rate, all we have to do is file our tariffs with the Commission.

Q. And you have simply assumed that is what happened at the present time?

A. I am pretty certain that was what happened. I don't recall anything else in connection with it other than that has always been our policy in filing tariffs with the Tennessee Commission.

Q. You don't recall that there were any conferences with the Commission personally, Mr. Hendley or anyone else with reference to it?

A. I don't recall that, I do not.

Q. You have testified that the Interstate Commerce Commission entered an order on August 1st, 1942, approving an increase from 1.65 to 2.2 per mile for interstate traffic, making same effective on October 1, 1942, and have inferred that there was no protest by the Tennessee Commission, is that the effect of your testimony?

A. Yes sir, no protest of record. I have not heard of any on

*[53]

*record.

Q. Do you know whether any notice of that proceeding was given to the Tennessee Commission or to the State of Tennessee?

A. I do not.

Q. Mr. Gaffney, can you give for the record the percentage of revenues which are derived from interstate traffic and the percentage which are derived from intrastate traffic on the NC&StL Railroad?

A. I presume that could be secured, Mr. Jourolmon. I am not positive it could, I am not an accounting witness, I couldn't say whether it could or not.

EXAMINER McGRATH: Will Respondent have that information to present through some other witness?

MR. GWATHMEY: What was the question?

(The question was read.)

MR. GWATHMEY: This witness has no such information, and I doubt whether it is practicable to give it by any other witness. So far as I know, no witness here has that data. That is correct, isn't it, Mr. Clark?

MR. CLARK: Yes.

Q. (By Mr. Jourolmon) As a passenger traffic representative of many years experience, do you know how your business divides between intrastate and interstate?

A. I do not.

Q. Has there ever been a time in the 41 years that you have

*[54]

*been connected with the NC&StL Railway that a study was made in order to determine how many interstate passengers you were carrying as compared with intrastate passengers?

A. I don't recall any such study having been made.

Q. What would be involved in making such a study, Mr. Gaffney?

A. Well, considerable would be involved, Mr. Jourolmon. It would mean practically an off-and-on check of all our passenger

trains to determine that, going through all our records of tickets sold.

Q. It would simply be a matter of taking your ticket records, record by record, and checking all of those which were from points through Tennessee, from points in Tennessee to points outside of Tennessee, and placing them in one column, and placing all tickets between points in Tennessee in another column?

A. I am not an accounting witness, I don't know whether that would be all involved or not. I don't think it would, I think there is more to it than that.

MR. GWATHMEY: Are you going to pursue this line of questions any further?

MR. JOUROLMON: Not very much further.

MR. GWATHMEY: I want to say that I don't understand the purpose of this line of interrogation. If Mr. Jourolmon has in mind to call upon the railroads to furnish certain information, of course he has that privilege. But merely to ask this witness over

*[55]

and over again whether he has made certain in *vestigations in the past or not does not prove anything of relevance to this case.

MR. JOUROLMON: I am simply seeking, Mr. Examiner, to find out all the information I can with reference to what the extent of discrimination, if discrimination there be, amounts to. I don't know that there is a single intrastate passenger so far, I assume that there are, but we have certainly had no breakdown of that.

EXAMINER McGRATH: You may proceed.

MR. GWATHMEY: I thought we made it clear we would have a witness later who will deal fully with the question of revenues from intrastate business.

Q. (By Mr. Jourolmon) Now, you have stated that you know of no reasons why there should be any discrimination or difference, using the word "discrimination" in that meaning at the present time, between intrastate passengers and interstate passengers within Tennessee; is that right?

A. I have.

Q. The rates of your carrier are made on an average basis, are they not?

A. If you are going into the question of rates, as I said before, I am not qualified as—~~unfortunately I am not qualified as a rate~~ and tariff man. If you want to ask questions like that, I have a witness here that will answer, and he will answer as you go along

*[56]

if you prefer, or we will put him on the stand and let you ask him questions about the rates.

MR. GWATHMEY: I will say frankly I don't understand the question. Might I ask for an explanation of that question? You said rates, Mr. Jourolmon. Are you talking about passenger fares?

MR. JOUROLMON: Passenger fares. They are made on an average basis, are they not, that was my question.

MR. GWATHMEY: Do you understand what the question is?

THE WITNESS: No, I don't.

MR. GWATHMEY: I don't.

THE WITNESS: I am not a rate man.

MR. GWATHMEY: That's all right about that, but do you understand his question? The question is whether the rates are made on an average basis. I am frank to say I don't understand it. Perhaps Mr. Jourolmon can clarify it.

Q. (By Mr. Jourolmon) If you don't mean that, just what do you mean when you say that there were no conditions which would justify a difference in rates? You have testified there were no conditions that you knew of justifying a difference in two rates. Now, to that extent you are offering yourself as a rate witness, and I am simply trying to cross examine you to find out on what you predicate that statement which you have made in the record?

A. I will explain that to you. You take on our train from here

*[57]

to Chattanooga, we have an intrastate passenger and we have an interstate passenger, both are riding on the same train, with the same accommodations, and yet we charge one 2.2 cents per mile,

and the man going from Nashville to Tullahoma pays 1.65 cents; that is what I have reference to.

Q. What I have simply said is that rates are made on the basis not of simply those two passengers, but on an average of all the passengers that the railroad carries, isn't that right?

A. No, that is not true, no.

Q. It is not made on the basis of trying to average out the costs to the carrier of carrying those thousands of passengers, but instead is based on what it costs to carry one particular passenger, is that right?

A. I don't catch your question, I don't know what you have reference to, frankly, I don't.

MR. JOURLON: Will the reporter read the question?

(Question read.)

THE WITNESS: I don't know.

Q. (By Mr. Jourlmon) That would mean that you would have to have a separate rate for each individual passenger that is carried because of the fact that no passenger's service is like that of any other passenger, isn't that true?

A. No, I wouldn't say that was true. You know yourself that a passenger riding say between here and Tullahoma, take the Dixie Flyer, and a passenger riding between here and Chatta-

*[58]

nooga on the same train, there is no reason in the world why one should pay higher, a higher fare than the other.

Q. The point I have made is this, that you have, in making those rates, you have to take the average of what all of the passengers are doing, all of the interstate and all of the intrastate passengers?

A. No, that is not considered, I am sure of that, no sir.

Q. If you assume that you have two entirely separate systems, one carrying interstate passengers and the other carrying intrastate passengers, and that your interstate passengers were all riding on the streamlined trains, and your intrastate passengers were all riding on open vestibule coaches, with kerosene lights

made in the year 1875, do you still say that there would be no difference in the price which should be charged to those?

A. I certainly do, and no conditions like that exist now days so far as I know.

Q. Well, there are no such conditions as that, I know, existing at the present time in reputable transportation circles, that is right, is it not?

A. Not that I know of, excepting we have in some instances, we did have on our branch lines some mixed trains where the coaches were not up to the standard of our main line trains.

Q. Now, that is the point, you have different standards of transportation on the NC&StL Railroad?

A. Yes sir.

*[59]

*Q. Is that right?

A. We have—well, we have some coaches, for instance, we have some coaches not as good as the others, in other words, some high class coaches, some higher class coaches than others. We would like to have all first class coaches if we could obtain them, but we cannot obtain them.

Q. If the average of intrastate passengers are riding in that sort of coaches, the lower class coaches, while the average of interstate passengers are riding in the best, modern, up-to-date equipment, would there be a justification for a difference in rates?

A. That condition does not exist.

MR. GWATHMEY: I think I will object to that question on the ground that there is no evidence here any such situation exists. It is purely hypothetical.

MR. JOUROLMON: Mr. Examiner, I have this witness now, and it simply means I will have to recall him after we have presented our evidence unless I can get an answer to that.

MR. GWATHMEY: You have that privilege.

EXAMINER McGRATH: You can do that. I think we will make better progress.

MR. JOUROLMON: He has made the statement that he knows of no conditions which justify any difference in cost, and I wanted to lay the ground work for something which might be coming.

*[60]

*Q. (By Mr. Jourolmon) You have testified that your railroad has been subjected to a considerable amount of increased expense by reason of the military program of the United States, is that right?

A. Yes sir.

Q. Do you know what that program consists of, what the transportation requirements consists of in that respect?

A. We have a transportation witness, Mr. Jourolmon, that can answer about the transportation requirements, following me on the stand.

Q. Isn't the bulk of that transportation an interstate transportation?

A. The majority of it is interstate transportation.

Q. Interstate?

A. Although we have pretty heavy intrastate transportation on the NC&StL and other lines, too.

Q. Accordingly the substantial added costs of that transportation should largely be allocated to interstate travel rather than to intrastate travel?

A. I couldn't say that. I am not an accounting witness, I am not prepared to answer that question.

Q. You have stated that it has become necessary to increase the personnel in your general offices in order that in some cases they should be on duty for 24 hours each day, and in others

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from 12 to 16 hours per day. This is an item of additional expense. What is the purpose of increasing your personnel in this way?

A. Mainly, in our own office, in our own general office, general passenger office, for the purpose of handling military traffic, principally.

Q. By that you mean—

A. Do you want to go further than the statement I made there?

EXAMINER McGRATH: Does that answer your question?

MR. JOUROLMON: It begins the answer to it, yes. That answers my question so far, yes.

Q. (By Mr. Jourolmon). Is that not due—I will ask you this leading question, and see if this states what it is due to. Isn't this necessity for increased personnel due to this, that there are so many trans-continental trips being made by soldiers and others at the present time, requiring anywhere from 15 minutes to 35 minutes, even up to an hour, to write up the ticket and get the tariff information that you have had to train a large personnel in order to take care of that, isn't that what that means?

A. That personnel in our ticket office not only takes care of interstate traffic, but intrastate traffic as well, which is very, very heavy.

Q. What is involved in taking care of an intrastate ticket? If I go up to your ticket window and say to the young lady down

*[62]

here at Nashville "Give me a ticket to Tullahoma," how long ordinarily does it take that young lady to check tariffs and make study, to write up the ticket which she gives me?

A. I can't tell that, but I am glad you mentioned Tullahoma. We will sell five or six hundred tickets a day down there frequently to Tullahoma, Tennessee. The total number takes a long time to take care of it.

Q. It will take an average of about a minute each, will it not?

A. I would say perhaps that for her to sell a ticket.

Q. You can sell 500 tickets there in the same time—

A. That is Tullahoma. I am talking about Tullahoma, only, I am not talking about Memphis or other points.

Q. You can sell 500 tickets to Tullahoma in about the same

time that you could sell 10 tickets to Fort Bragg, California, or to other points over the United States, is that right?

A. No, I wouldn't say that, I couldn't say that, no sir.

Q. Have you ever had to stand in line there with a train due in an hour, and be ten people back from the gate, trying to get your ticket, have you had to do that?

A. No, I have not.

Q. Has your office made any study whatever of the time element involved, and the work units involved in handling interstate as compared with intrastate ticket selling?

A. No sir.

Q. Yet you have put in a large number of people?

*[63]

*A. Yes, take the depot ticket office at Nashville, we have more than doubled the personnel in the last year or year and a half.

Q. You have increased your office, and you have no knowledge of how large—or I mean your office force, and you have no knowledge of how large an increase has been occasioned by intrastate passengers and how large an increase has been occasioned by interstate passengers?

A. That would be awfully hard to figure, for anyone, even an accounting man.

Q. You next state that you have expended large sums of money to place air-conditioned passenger equipment on the NC&StL Railroad, is that right?

A. Yes sir.

Q. What is the difference in the cost involved in the air-conditioned equipment?

A. You mean what would it cost to air-condition a coach?

Q. Yes.

A. Is that the question?

Q. Yes, that is one question.

A. Somewhere between eight and eleven thousand dollars

I would say, to air-condition, and improve the seating capacity and all, accommodations.

Q. How many of those coaches have you?

A. Of the higher type we have about thirty of those.

*[64]

*Q. Do those coaches ordinarily travel behind Diesel-powered engines?

A. No, they do not, not on the NC&StL. Of course, that is what we are trying to do now, get rates increased so we can have Diesel-powered locomotives when this war is over.

MR. GWATHMEY: Would you pardon an interruption a moment?

MR. JOUROLMON: Go ahead.

MR. GWATHMEY: I don't know how much longer the cross examination of this witness will take.

MR. JOUROLMON: Neither do I.

MR. GWATHMEY: But we have an operating witness here who will be our next witness, and whose testimony will be very short. It is right important that he get back to his duties as quickly as possible.

MR. JOUROLMON: I will be glad to have that interruption.

EXAMINER McGRATH: Do you want to suspend?

MR. JOUROLMON: I will be glad to suspend with Mr. Gaffney and take it on later.

MR. GWATHMEY: I would like to put him on.

EXAMINER McGRATH: We will take a brief recess.

(Short recess.)

(Witness temporarily excused.)

MR. GWATHMEY: Mr. Examiner, just before the recess I believe it was agreed that the further cross examination of Mr. Gaffney would be put off until the conclusion of the testimony

*[65]

*of other witnesses. I am now going to call an operating witness, Mr. Jameson, and I understand from Mr. Jourolmon it will be agreeable to him to complete his cross examination of this witness at this time.

P. L. JAMESON

being first duly sworn, testified as follows:

DIRECT EXAMINATION

Q. (By Mr. Gwathmey) Mr. Jameson, state your name, residence and railroad position?

A. P. L. Jameson, Nashville, Tennessee, inspector of transportation, NC&StL Railway.

Q. How long have you held your present position; and what previous experience have you had in transportation matters?

A. Twenty-five years, thirty-six years altogether, as chief clerk and a trainmaster, general yardmaster, assistant trainmaster and inspector of transportation.

Q. What is the nature and extent of your jurisdiction in your present position?

A. I am the traveling representative of the superintendent of transportation with supervision over all passenger and freight trains, as well as yard operations.

Q. Does your jurisdiction cover the entire line of the NC&StL Railway?

A. Yes sir.

Q. Are your duties such as to require you to spend a very

*[66]

considerable part of your time on the line of railroad?

A. Practically all of my time, yes sir.

Q. That is out on the line?

A. On the line.

Q. In what states does the NC&StL Railway operate, and what is its total mileage, and mileage operated in Tennessee?

A. Kentucky, Tennessee, Alabama, and Georgia, total mileage 1,071.86, and in Tennessee 784.08.

Q. You heard Mr. Gaffney's testimony as to unusual circumstances in connection with the passenger train operations at the present time. Do you wish to add briefly anything to what he said?

A. Yes sir. Due to increased passenger travel about 75 per

cent, approximately 75 per cent of which is military personnel, we have had to operate all of our through trains in two sections. Formerly the consist of these through trains, in addition to the head end cars was two coaches, a dining car, and three sleepers. The consist at the present time is from five to eight coaches, and from four to seven sleepers. This forces us to split the trains up and operate each of our through trains in two sections, that is the mail and express in one section, and passengers on the other. In addition to this expense, we of course have had to increase the personnel at most of our stations, for example, Tullahoma. Formerly we employed a joint freight agent-ticket agent,

*[67]

and three operator-ticket sellers. At the present time in addition to the freight agent we have a ticket agent, a ticket accountant, ten ticket sellers, two information clerks, three operators, three baggage agents and six station porters for handling baggage and mail.

Q. Does that situation exist only at Tullahoma, or have you had to increase your forces at various other places on the line?

A. Yes, we have had to increase our forces at all of our larger terminals, Smyrna, Tennessee, all of our cleaning forces at the various terminals, baggage handling forces.

Q. What about your trainmen, have you had to put additional men on trains?

A. We have had to put an additional ticket helper on all of our through trains, and also additional porters to maintain trains in a cleanly condition.

Q. Does the handling of troop trains involve any particular expense to the railroad?

A. Yes, we have had to increase our—double our train dispatching force in Atlanta, Chattanooga, and Bruceton, Tennessee. We have also had to employ numerous operators, opening telegraph offices continually, 24-hour service.

Q. Do you have to give these troop trains precedence over other train movements?

A. We give troop trains precedence over all other freight

*[68]

movements, and certain troop trains precedence over our *passenger trains, yes sir.

Q. Mr. Jameson, does the handling of these troop trains have any effect upon your freight service?

A. Yes, on account of giving troop trains preference, our freight service is badly delayed. We frequently have as many as six to eight troop trains; as I stated before, they are given preference over freight trains.

Q. Is there anything peculiar to the NC&StL Railway about this situation, or do you know that the railroads generally in Tennessee are confronted with similar conditions?

A. Yes sir, I think they all are, there are camps located on most of the railroads, and troop movements are made over all of them.

Q. Are interstate passengers and intrastate passengers in Tennessee handled on the same trains, and do they receive the same service?

A. Yes sir.

Q. And is the same thing true in the case of the other railroads?

A. Yes sir, I think it is.

MR. JOUROLMON: May I ask a clarifying question? Are you testifying now about troop trains?

MR. GWATHMEY: No, no.

THE WITNESS: No.

MR. GWATHMEY: No.

*[69]

*THE WITNESS: Interstate and intrastate passengers.

MR. JOUROLMON: He was testifying about troop trains, and suddenly this other question came in, and I wanted to be sure.

Q. (By Mr. Gwathmey) Do the transportation conditions surrounding the handling of interstate passengers to, from or

through Tennessee differ in any respect from those surrounding the handling of intrastate passengers within the State?

A. They do not, no sir.

Q. Do the transportation conditions surrounding the handling of passengers in the State of Tennessee differ in any material respect from those surrounding the handling of passengers in adjoining states such as Alabama, Kentucky, Georgia, or generally in other parts of the South?

A. No sir.

Q. As a matter of fact, aren't there some rather unusually difficult conditions incident to the movement of passenger trains in Tennessee?

A. Well, on our own railroad, the NC&StL, where we operate through mountainous country, we are required to maintain helper service over the mountain, that some of the other lines do not have.

Q. On account of the topography of this State?

A. And heavy trains, yes sir.

Q. You encounter certain difficulties in operation which are not general throughout the South?

*[70]

*A. That is right.

Q. Isn't that true?

A. That is right.

MR. GWATHMEY: I think that is all.

EXAMINER McGRATH: Cross examine.

CROSS EXAMINATION

Q. (By Mr. Jourolmon) Mr. Jameson, how long did you say you have been with the NC&StL Railway?

A. I have been with the NC&StL 29 years, 25 in my present position.

Q. In your present position?

A. As inspector of transportation, yes sir.

Q. Has practically all of your experience been with the railroad in this operations division?

A. All of it in the transportation department of the L&N and NC&StL.

Q. You say that due to your increased passenger travel you are now operating trains in two sections?

A. Our through Florida trains, yes sir.

Q. Those are primarily and predominantly interstate trains, are they not?

A. Yes sir.

Q. They carry approximately 95 per cent interstate passengers and about 5 per cent intrastate passengers, is that about right?

[71]

A. I can't answer that.

Q. How much has it increased the cost of transportation to carry the trains in these two sections?

A. Well, in dollars and cents I can't answer. That causes us to have a complete new crew, engineer, fireman and conductor, two brakemen, and an additional control on equipment.

Q. The intrastate service by itself would not require you to operate these trains in two sections, would it?

A. The intrastate?

Q. Yes.

A. Frequently it would, yes sir.

Q. If you had the intrastate service alone, would you have to operate daily two sections between Chicago and Florida?

MR. GWATHMEY: That is a hard question to answer.

MR. JOUROLMON: That answers itself, doesn't it?

MR. GWATHMEY: I don't think that question is very clear.

MR. JOUROLMON: I think it is perfectly clear, and you don't have to answer it, though.

THE WITNESS: I couldn't answer it.

Q. (By Mr. Jourolmon) To what extent does the increase in express and mail carriage contribute to this situation?

A. Well, it doesn't, at the present time none at all, because when we have an increase in mail and express now we are hand-

ling express on freight trains, and frequently United States mail.

*[72]

At the present time we are handling both express *and mail on freight trains.

Q. I understood you now divide your train in two sections, one train which is all passenger and the other train which will have—

A. If it were not for the increased passenger travel we could handle our express and mail on the regular train without any additional expense.

Q. How many cars are in the express and mail service on these trains?

A. Oh, from six to ten. Frequently we handle troop movements on those trains, too; you can't tell.

Q. From six to ten?

A. From six to ten.

Q. If you had no increase of passenger service, how many passenger cars would you have?

A. We could handle sixteen.

Q. Sixteen passenger cars?

A. Yes, sir, we do it every day.

Q. Then you have ten express cars, and so that would require you to handle 26 on one train?

A. No, formerly, I said formerly.

Q. I am talking about formerly.

A. Yes sir, we could handle all of our passenger business and the mail and express in one section.

Q. I am asking you what your normal train consisted of in

*[73]

*passenger-carrying equipment?

A. Six or seven head-end cars, two coaches, a dining car and three sleepers.

Q. In Tullahoma you have increased your employees, you say. How many employees did you say altogether, 24?

A. How many have we now at the passenger station only?

Q. That's right.

A. We have a ticket agent, a ticket accountant.

Q. Two.

EXAMINER McGRATH: Just the total number.

THE WITNESS: Ten ticket sellers, two information clerks.

Q. (By Mr. Jourolmon) Fourteen?

A. Three operators.

Q. Seventeen?

A. Three baggage agents.

Q. Twenty?

A. Six porters.

Q. Twenty-six. What has occasioned this increased traffic at Tullahoma?

A. The in and outbound movement of military personnel, and persons visiting their boys in the camp.

Q. That is because the United States Government has brought in here to that big concentration boys from every state in the United States as a part of a Federal and National program in order to train them here in the State, is that right?

*[74]

*A. That is correct.

Q. That is not an intrastate situation at all, is it?

A. Well, they sell a great many intrastate tickets.

Q. They sell intrastate tickets to those boys for short side trips, is that right?

A. I suppose so, they sell a great many.

Q. You say your expense has been increased by reason of troop movements?

A. Yes.

Q. How many troop trains do you have in a month, is that a military secret?

A. No, but I haven't the figures. Mr. Gaffney gave you the figures on those that were handled for two months.

Q. How many of those troop movements have been between points solely within the State of Tennessee?

A. I couldn't answer that.

Q. Have there been any?

A. Yes.

Q. What is the figure? Can I get the figure? I don't recall the figure that is in the record with reference to this, Mr. Gaffney.

MR. GAFFNEY: Yes.

MR. GWATHMEY: Here is the statement right there (indicating), if you want it.

Q. (By Mr. Jourolmon) In the month of August 160 troop
*[75]

trains, and in September 103 troop trains. Were as many as ten of those troop trains confined to movement within the State of Tennessee?

A. I don't know.

Q. How do you know that any of them were confined to a movement within the State of Tennessee?

A. I ride troop trains quite frequently.

Q. What proportion of those 160 troop trains did you ride during the month of August?

A. Well, I can't answer that accurately, I would say I rode at least ten of them.

Q. Where were those ten trains going that you rode?

A. I am not allowed to answer that question.

Q. All right. How many of those troop trains that you rode were between points only in the State of Tennessee?

A. Well, I don't recall because I didn't know those figures were going to be called for here.

Q. Do you recall one troop train of those that you rode which was solely between points in the State of Tennessee?

A. I don't remember.

Q. Do you recall any which were between points from without the State of Tennessee and into and through the State of Tennessee, or into or through—

MR. GWATHMEY: All of them.

THE WITNESS: A good many of them were out of the

State of Tennessee, going to maneuver points in Tennessee from
* [76]
Camp *Forrest.

Q. In other words, to give a straightforward answer on this, Mr. Jamesson, the troop movement which you have talked about is a troop movement that the Government provides for moving these maneuver troops in and out of Tennessee, and bringing them from large distances across the country and into Tullahoma, that is what actually happens in the great majority of cases, is it not?

A. Yes, but we have had a great many troop trains originating in points in Tennessee also going to the maneuver area, and to Camp Forrest.

Q. Sometimes that happens, but that is the exceptional troop train, is it not? You say you don't recall having ridden on any of those?

A. I can't give you the dates, but I could get them.

Q. All right, will you please supply for the record, for the month of August, and for the month of September, all intra-state troop carriage, simply by the number of trains, and also all interstate troop carriage also by the number of trains?

MR. GWATHMEY: One minute. Mr. Examiner, in the first place I don't think it would be proper to submit that information. In the second place, we are not undertaking to show here that the extra expense of handling troop trains is limited to intra-state or interstate business. It applies to both. It is merely one

* [77]

of the additional expenses which the railroads are encountering in their general operations at the present time, and it is mentioned as bearing upon the reasonableness of the charge interstate as well as intrastate.

MR. MILLER: Perhaps—

EXAMINER McGRATH: Just one at a time, now.

MR. MILLER: May I make a suggestion? Perhaps the witness who made the statement with respect to August and Sep-

tember could at least give us the number of those 160 for example in August which were intrastate.

MR. GWATHMEY: My position is that it has no bearing on the case at all, whether they were interstate or intrastate, they are an additional expense that the railroads are subjected to. Furthermore, I don't think we should be expected to go into detail as to the movements of particular troop trains.

MR. MILLER: This is not a detail.

MR. JOUROLMON: I agree with that last statement.

MR. GWATHMEY: In the third place, if counsel want to ask Mr. Gaffney about that when he gets back on the stand, they will have an opportunity to do so.

EXAMINER McGRATH: Will that suit you, Mr. Jourolmon?

MR. JOUROLMON: If I can get the information; I want to get the information from somebody. When I asked Mr. Gaffney a question they said he doesn't have it, somebody else will, and when I asked Mr. Jameson—

EXAMINER McGRATH: Apparently he is going to give us

*[78]

that *information.

MR. GWATHMEY: Indeed we are not, unless the Commission orders it. We are not going to give you information about particular troop trains.

MR. JOUROLMON: I said I thoroughly approve of that, Mr. Gwathmey, and I am not going to ask for any information about any particular troop train. I do think we are entitled to information with reference to generalities, as to what is interstate movement and what is intrastate movement.

EXAMINER McGRATH: Apparently this witness is not able to supply it.

MR. GWATHMEY: He is not able to supply specific information. He has testified he knows of his own knowledge that some of these troop trains have been intrastate, and others have been interstate. That is as far as we are prepared to go.

Q. (By Mr. Jourolmon) Your next point is that you have a

terrain here, Mr. Jameson, in Tennessee, which is mountainous. What part of the state are you referring to?

A. The Cumberland Mountains.

EXAMINER McGRATH: Is that the eastern, central or western part of the State?

THE WITNESS: Well, I guess you would call it—

EXAMINER McGRATH: That is what you want to know, isn't it?

*[79]

*MR. JOUROLMON: No, I am interested in knowing, as respects his railroad as to what he refers to.

THE WITNESS: That is at Cowan, Tennessee, that is south of here.

Q. (By Mr. Jourolmon) You are referring to the mountainous section which lies—

A. Between here and Chattanooga.

Q.—between here and Chattanooga?

A. Yes.

Q. That is between Cowan and the state line?

A. Yes sir.

Q. And you say that you have to put helper service on to take care of those trains. What does that consist of?

A. It consists of a mountain engine, an engineer, a fireman and conductor.

Q. What trains are helped by this helper service?

A. Through passenger trains, both mail and express, our through trains.

Q. All through passenger trains?

A. Yes.

Q. By "through passenger trains" you mean a train which has come into Tennessee from the North by way of Nashville and has gone out of Tennessee and into Chattanooga, and then south, or the reverse direction?

A. Yes, and in addition to those, those that start from Nash-

*[80]

*ville.

Q. All right. Now, is it possible for an intrastate passenger to be benefited by that helper service at any point?

A. They would all have to be benefited, or they couldn't get over the mountain.

Q. How would any intrastate passenger get over the mountain, and where would he be going to? Doesn't every passenger that goes over that mountain have to be an interstate passenger?

A. Interstate?

Q. An interstate passenger?

A. No sir.

Q. How are you going to—

A. A passenger from Tullahoma to Sherwood has to go over the mountain, and from Cowan to Sherwood.

Q. Now, which trains stop at Sherwood?

A. Nos. 5 and 6.

Q. Now, that is one of the through trains, Nos. 5 and 6, are those through Florida to Chicago trains?

A. No, 5 and 6 are the local trains.

Q. We are talking now only about your through trains.

A. All right.

Q. Which go from Florida to Chicago?

A. All right.

Q. Now, what intrastate passenger can get on at Tullahoma and get off at Sherwood, on any one of those through trains?

*[81]

*A. Well, an intrastate passenger cannot.

Q. Good. So that helper service which you say is an additional expense is purely interstate service?

EXAMINER McGRATH: Did you answer that last question?

THE WITNESS: No sir, I didn't answer that.

EXAMINER McGRATH: What is your answer?

THE WITNESS: I didn't understand his question.

MR. JOUROLMON: Will you read the question.

(Question read.)

THE WITNESS: Oh, it is inter and intra, both.

Q. (By Mr. Jourolmon) And yet you cannot name any passenger that can ride those trains which have to be carried over the mountain?

A. I can't name any, I can't recall the man's name; but I have seen it happen many a time. This happened back here—if you were at Tullahoma, if your mother was sick at Sherwood, and you boarded the train at Tullahoma he would stop the Dixie Flyer at Tullahoma to let you on, that is done frequently.

Q. By special accommodation you stop the train?

A. Yes sir.

Q. That is the only way that intrastate passengers could benefit, is that right?

A. That happens frequently.

Q. Can you find me in the records of your railroad anytime

*[82]

that it has been stopped at Sherwood for an intrastate passenger?

A. For an intrastate passenger?

Q. Yes.

A. Can I find one?

Q. Yes, in all the records of your railroad in the past forty years?

A. Yes sir.

MR. JOUROLMON: If you go back far enough, maybe you could. All right, that is all for this witness.

EXAMINER McGRATH: Are there any further questions on cross examination?

Q. (By Mr. Hendley) Do you use pusher service for trains 5 and 6?

A. Sometimes.

Q. As a general rule?

A. As a general rule Nos. 5 and 6 go over the mountain without the helper, but recently, on account of the heavy movement of draftees and selectees we have to help them over, too.

Q. As a general thing, 5 and 6 do not require pusher service?

A. I would say about three days a week they do, and the balance of the week they don't.

Q. According to your timetable, that is the only train with one exception that could possibly carry an intrastate passenger over the mountain?

A. No sir.

*[83]

*Q. What other?

A. 3 and 4.

Q. 3 and 4?

A. All of them could.

Q. No, they don't. No. 4—

EXAMINER McGRATH: The witness is answering the questions,

THE WITNESS: I said all of them could.

Q. (By Mr. Hendley) How? They could, but they don't.

A. As I stated awhile ago, they do on special occasions, yes sir.

Q. According to your timetable on file, though, they can't carry an intrastate passenger over that mountain except on 5 and 6, with one possible exception, one possible exception, and that is,—

A. 5 and 6 are local trains, and they are supposed to handle those passengers, but we do frequently stop the other trains for their accommodations.

Q. But according to your published timetables, you do not?

A. That is right.

MR. HENDLEY: That is right?

THE WITNESS: Yes sir.

MR. GWATHMEY: They are not scheduled to stop?

THE WITNESS: They are not scheduled to stop there.

MR. HENDLEY: They are not scheduled to stop. There all of that expense is interstate.

*[84]

*MR. GWATHMEY: Now, wait a minute.

MR. JOURLON: All right, I think we have gotten the

information on it, and that is the main thing.

EXAMINER McGRATH: Are there any questions on re-direct examination?

MR. GWATHMEY: No.

EXAMINER McGRATH: You are excused.

MR. HENDLEY: I have a question.

Q: (By Mr. Hendley) The main object of your testimony is the matter of expense, is that right?

MR. GWATHMEY: Don't answer that question. I will answer if you want to know what the object of his testimony is, counsel will answer it.

MR. HENDLEY: Well, you testified in reference to the matter of expense, did you not? Here is a statement that Mr. Fitzgerald Hall made to the stockholders, published in the 1942 report of the President to the stockholders.

MR. GWATHMEY: Of the NC&StL Railway?

MR. HENDLEY: Of the NC&StL Railway. "The percentage of operating revenue consumed by operating expenses dropped from 71.8 per cent in 1941 to 63.6 per cent in 1942, notwithstanding the fact that payroll increases were over two million dollars."

MR. GWATHMEY: Now, Mr. Examiner, I don't know whether this is a question addressed to the witness or not, but in any event he is not an accountant.

*[85]

*MR. HENDLEY: I want to ask if he agrees with that statement.

MR. GWATHMEY: He is not an accountant, he has nothing to do with the keeping of the records of the company.

EXAMINER McGRATH: What is your answer, briefly, now?

THE WITNESS: Is that a question?

MR. HENDLEY: Yes, it is a question.

MR. GWATHMEY: I object to the question on the ground that this witness has nothing whatever to do with the accounts of the company.

EXAMINER McGRATH: The witness can say that, the witness can answer that.

MR. GWATHMEY: I object to his answering.

MR. HENDLEY: I will ask him this—

MR. GWATHMEY: He can't be called on to answer the questions he doesn't know anything about.

MR. HENDLEY: As a matter of common knowledge, don't you know that the ratio of earnings to operating expenses have so decreased, that it has more than compensated the railroad for all of the additional expense that they have incurred?

THE WITNESS: I don't know, sir.

MR. HENDLEY: You don't know. All right.

EXAMINER McGRATH: Are there any further questions? You are excused.

(Witness excused.)

*[86]

*MR. GWATHMEY: May it be understood that Mr. Jameson is excused finally?

EXAMINER McGRATH: Well, I understand there are no further questions on cross examination. I asked that question.

MR. JOUROLMON: I have no more questions that I can think of.

MR. GWATHMEY: I think you did very well. All right, Mr. Jameson, thank you.

J. S. TASSIN

being first duly sworn, testified as follows:

DIRECT EXAMINATION

Q. (By Mr. Clark) Mr. Tassin, have you been sworn?

A. I have, yes sir.

Q. Give your name, please, residence and connection with the Southern Railway System Lines?

A. J. S. Tassin, residence Arlington, Virginia, general statistician, Southern Railway System Lines, with headquarters at Washington, D. C.

Q. Will you very briefly tell us your experience with this rail-

road system?

A. I have had forty years' experience with the Southern Railway System, some one or more of the Southern Railway System Lines.

Q. Has that been in the accounting department?

A. All in the accounting department. Prior to 1914 it was in

*[87]

*the general bookkeeping and disbursements departments. Between 1914 and 1932 in connection with the valuation of the railroads, and from 1932 on as general statistician, my present position.

Q. Mr. Tassin, you have just distributed and identified Exhibit No. 6, a 29-page compilation, with the title page. Was that prepared under your direction?

A. Yes sir.

(Exhibit No. 6, Witness Tassin, marked for identification.)

MR. CLARK: Mr. Examiner, we would like the privilege of correcting the title page so as to show Docket No. 29937, and change "North Carolina" to read "Tennessee."

EXAMINER McGRATH: Those corrections have been made.

MR. CLARK: This is an example of having to have green help imported to handle these cases.

Q. (By Mr. Clark) Is that exhibit true and correct to the best of your knowledge and belief, Mr. Tassin?

A. It is.

Q. I appreciate on page 1 you have given what seems to be an index that runs over onto page 2. I take it that is self-explanatory. Perhaps you would prefer to start with the page numbered 1 in the middle at the top of the page.

A. That is Statement No. 1.

Q. Statement No. 1?

A. Page 3.

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*MR. CLARK: Gentlemen, if you will turn to page 3 of the

exhibit you will find it marked "No 1," and the witness, as he proceeds, will refer to these numerals at the top of each page in the middle. That will help you identify the exhibit or the page of the exhibit that he is talking about.

Q. (By Mr. Clark) Do you understand that, Mr. Tassin?

A. Yes.

Q. That will help them follow it?

A. Yes.

Q. Will you explain to us the data that you have compiled in this Exhibit No. 6?

A. I shall refer to both the statement number and page number so as to absolutely identify it.

Q. All right.

A. Statement No. 1, page 3, is a statement of loss in intrastate revenue for certain specific periods. The last column covers, with the exception of a single railroad, the loss for the ten months period ending September 30th, 1943, that is beginning with December 1st, 1942, and that shows that in that period the roads have lost revenue to the extent of \$452,915 by reason of the interstate rates not being made applicable intrastate in Tennessee.

Q. Will you tell us how you arrive at those several totals for these several individual railroads?

A. As the statement shows at the bottom, the source of the

*[89]

*information is the audit departments of the several railroads. Now, there is a note there opposite the NC&StL Railway which shows that their information, the loss of \$181,511 is for nine months, and not ten months. If we had the additional month figured it would presumably raise that total by about \$17,000, or something like that.

The middle column gives a twelve-months period beginning with October 1, 1942, and ending with September 30th, 1943. The loss over that period is \$556,280. Here the NC&StL is a twelve-months figure, but it begins with August and ends a month earlier.

Q. What is the significance now of stating that in that twelve-months period?

A. Well, the interstate increase was allowed, as I understand it, on October 1, 1942, and if the intrastate had gone into effect at that same date, we would be this much better off.

EXAMINER McGRATH: Which much?

THE WITNESS: The middle figure.

Q. (By Mr. Clark) On a twelve-months basis?

A. On a twelve-months basis, and that is had it been possible to put the intrastate rates in effect at the same time that the interstate rates went into effect.

Q. Explain the first column.

A. The first column takes the earliest twelve-months period that was available, beginning when the 10 per cent increase

*[90]

*generally went into effect, sometime about February 10th, 1942, as I recall it, so you could not consider the month of February because it was only a part of a month. So I began with February 28th or March 1st, 1942, and ended with the period of February, 1943. I did that to get an early twelve-months period, and the result was \$424,040, the purpose being to show that this loss is increasing as the time goes along.

Q. Turn to Statement 2.

A. Statement 2 is on page 4. Before passing to the subsequent statements in this exhibit, I wish to make this general explanation: That Statement No. 1 shows the main thing I have been asked to prove here, and that is the proof of actual loss. The other figures are for the purpose of giving a rounded picture of passenger operations, and they have grown out of our experience in the various state cases, showing the questions that have been asked and the general character of statistical information found desirable in order to present a well rounded picture.

Now, Statement No. 2 takes cognizance of the fact that normally the railroads of the United States, not only of the Southern Region, and not only with respect to those roads specifically

serving the State of Tennessee, but the railroads generally incur a deficit from their passenger operations.

Beginning with 1936 it will be observed that everyone of these

*[91]

railroads in every year through 1941, passenger showed *sizeable deficits. Even in 1942 there are four roads that still show a deficit. This prefix "I" applies to the year 1942 and indicates those roads that had an income from their passenger traffic in 1942.

Q. Four still have a deficit?

A. Four still have a deficit.

Q. Let me ask you this question, doesn't Statement No. 2 show that it would take nine years to wipe out the accumulated deficit from 1936 through 1942?

A. It does, that is assuming nine years as good as 1942.

Q. That is right.

A. That many years would have to pass before this average column would be wiped out.

Q. I think you can pass to Statement No. 3, now.

A. No. 3 shows that the railroads are chronically in need of additional revenue. Not only is this true of passenger, but of their combined operations of freight as well as passengers.

Q. This is for the Southern Region as a whole?

A. This is for the Southern Region.

Q. All right.

A. It shows the rate of return for the class I roads of the Southern Region over a 22-year period, from 1921 through 1942.

Q. Then you average the two periods?

*[92]

A. We show in the second to the last column the rate of *return. If we take the average of the years 1921 to 1930, these roads averaged 4.2 per cent on their investment. If we take the years 1931 through 1942 it dropped to 2.48 on their investment. Taking the entire 22-year period the average return on investment has been 3.21 per cent, showing a chronic need of additional revenue.

Q. Those "D"'s obviously mean "deficit"?

A. They indicate deficit.

Q. Now, let's turn to Statement 4.

A. Statement 4 on page 6.

Q. Now, you tie it to the individual railroads?

A. I am tying it to the individual railroads serving the State of Tennessee, and covering the 22-year period where they earned 3.25, in comparison with 3.23 for the Southern Region as a whole.

Q. Now, in your middle column headed "Net Railway Operating Income," there your figures are determined through taxes?

A. Yes.

Q. That is rents and taxes?

A. After payment of rents and taxes.

Q. And that is a standard, well-known figure?

A. That is as prescribed by the Interstate Commerce Commission. Incidentally, I should say that where I have given statistics for 1936 on, it is because 1936 was the first year in which the

*[93]

Interstate Commerce Commission required a separation of *the net income or loss from passenger operations.

Q. Now, of course, we all know that the Commission has prescribed a formula?

A. Yes.

Q. For separating freight and passenger?

A. That is true.

Q. You have, of course, observed that, is that true?

A. That is true, and the figures as furnished are reported to the Interstate Commerce Commission under their rules and regulations.

Q. Let's turn over to Sheet 5.

EXAMINER McGRATH: Statement 5.

THE WITNESS: Statement 5.

Q. (By Mr. Clark) Yes, statement 5?

A. Page 7.

Q. There you have given consideration to the operation of the several roads individually within the state?

A. As compared with the entire line.

Q. That is right.

A. I have given each road's return a weight in proportion to its mileage operated as a whole, and within the state, the result being that as a whole the average is a return of 3.36, and within the state 3.39.

MR. JOUROLMON: Mr. Examiner, I don't know what is coming in all of these pages, of course, but so far we have had

*[94]

*these average rates of return over an entire 21-year period, and I wish to object to these exhibits on the ground that they are immaterial for any purpose, incompetent and irrelevant, because of the fact that they are such an average and do not reflect the present existing conditions, which is the proper criterion, for determining the rates under practically all of the decisions of the United States Supreme Court, presently and not the past, which determines.

MR. MILLER: I would like to join in that objection.

MR. CLARK: Do you want to hear from me?

EXAMINER McGRATH: Yes.

MR. CLARK: Mr. Examiner, we have shown the figures, for instance, for 1942, the current year, and if the gentlemen do not like to examine those for the preceding period, I suggest they shut their eyes to them. We think they are pertinent, because to take one year out of a series of years for the operation of several railroads would be very misleading. It is hardly fair to say that 1942, or the present year of 1943 are typical years of operation for any of these railroads in any respect. Indeed, the country as a whole is at war, and it would be rather absurd to tie ourselves to one year.

MR. JOUROLMON: Mr. Examiner, I don't want to burden this point particularly, or labor it, it seems to me this is a very simple legal point, and that any number of decisions of the Inter-

*[95]

state Commerce Commission and of the Supreme Court of the United States, and practically all jurisdictions, it has been decided that carriers and other public utilities may not recoup

losses of past years by rates which are too high under present conditions. I know that that has been held over and over. For that reason it seems to me this entire line of exhibits reflecting just those things that they have offered so far are incompetent, irrelevant and immaterial.

MR. MILLER: May I make a further statement, not duplicating his at all?

EXAMINER McGRATH: Yes.

MR. MILLER: I wish to point out that the issue in this case is whether at the present time the intrastate rate is a burden on interstate commerce, and not what was happening a way back in 1921.

EXAMINER McGRATH: The Examiner's ruling is that the exhibit will be received subject to the objection.

MR. JOUROLMON: Thank you, sir.

Q. (By Mr. Clark) Will you proceed with Statement No. 5?

A. We had finished with No. 5.

Q. Did you sufficiently explain that?

A. Yes.

Q. Let's go over to No. 6, then. Here is one that comes right to Mr. Jourolmon's point. It deals with 1942, and I hope he will examine it closely.

A. Statement No. 6, page 8. This, of course, refers again to

*[96]

*the average year of 1922, 1921-42, but please let me ask you to refer back to Statement No. 3, page 5, where the information is shown for the Southern Region by years, by individual years, and the result at the bottom is strikingly close to the figures for the individual lines involved in Tennessee. That was my reason for not making a statement similar to No. 3 for each one of these succeeding statements. The close relationship is so obvious that it seemed unnecessary.

Q. Call attention to those figures, so we might clear them up; point out the similarities you have in mind.

A. For example, turn to Statement No. 3, page 5. There the rate of return by each individual year—

Q. All right.

A. I show at the bottom that for the entire period of 22 years, the roads in the Southern Region as a whole, that is the Class I roads, earned 3.23 per cent on their investment. The next statement, No. 4, shows for those roads operating in Tennessee that they earned 3.45. In both cases it is under $3\frac{1}{2}$ per cent.

On Statement No. 5, page 7, when we weight with respect to the mileage of these roads, you get 3.36 for the entire lines, and 3.39 as weighted by the mileage in Tennessee. Now, these relations are so close that it seemed unnecessary to multiply all of this detail and that was my reason for not doing it.

Q. You made reference to that on Statement No. 6?

*[97]

*A. Statement No. 5, on page 7, was the last reference I intended to make.

Q. That is what I was trying to get at. You referred to it as No. 6. Did you mean to say No. 5?

A. I was looking at No. 5, page 7.

MR. JOUROLMON: I am thoroughly mixed up by now.

Q. (By Mr. Clark) Let's start on No. 6.

A. No. 6. Now having found that the roads are chronically in need of additional revenue, that is they earned less than $5\frac{3}{4}$ per cent return on their investment, the question necessarily arises by how much would their revenue have had to be increased to enable them to realize a $5\frac{3}{4}$ per cent return on the investment. Statement No. 6, page 8, gives the answer.

For the lines as a whole their revenues would have had to have been increased by 12 per cent, and in the State of Tennessee by 10 per cent, to give them a $5\frac{3}{4}$ per cent return on their investment.

EXAMINER McGRATH: During what period?

THE WITNESS: During the 22-year period, 1921-42.

MR. JOURLON: This is subject, I think, to the same objection.

EXAMINER McGRATH: The same ruling.

THE WITNESS: These ratios, of course, are weighted in proportion to miles. Are you prepared to pass to the next?

Q. (By Mr. Clark) Yes sir, go ahead to No. 7.

*[98]

*A. Statement No. 7 on page 9 shows that the basis of measurement of fair return used consistently by the railroads is a conservative basis to use. That is, we use investment in railway property devoted to transportation service as annually returned to the Interstate Commerce Commission in Schedule 211-N of the Annual Reports to the Commission, plus the amount of cash and material and supplies on hand. That is our ordinary basis for measuring our rate of return and the extent of our revenue need. Now, that is a conservative basis, certainly for Southern Railway System Lines, and I can also state for Southern Region lines as a whole. Because of my long experience in valuation work, I don't hesitate to testify to that as a fact.

Now, we have a means of testing that. In Ex Parte 148 there was introduced at the instance of Commissioner Aitchison an exhibit known as A-11, which, as of January 1, 1940, that is based on the figures for the year 1939, shows for the roads generally, including the roads that I have excerpted here, what the Commission calls "Original cost to date," and which I here refer to in the first column as Basis A, production cost. That is what is called in Exhibit A-11 original cost to date. Basis B on this statement, reproduction estimate, is what Exhibit A-11 refers to as cost of reproduction new.

Then the Exhibit A-11 furnishes a current appraisal of lands and of working capital. Now, the capital outlay columns to the

*[99]

extreme right are obtained by adding lands and working capitals to basis A and basis B on the lefthand of the statement, in other words, the last two columns, including lands and working capital and the first two columns shown.

Now, these are the latest figures put out by the Bureau of Valuation of the Interstate Commerce Commission and they show on the basis of their own comparison that to reproduce these properties would require 13 per cent more money than they show was required to produce them.

Of course, the railroads do not accept these figures as complete or adequate. The column referred to as "Original cost to date" is in fact made up of three separate and distinct kinds of figures. There is a certain undetermined amount in there, that is both original cost and cost to date, that is the property in existence was still of the same general nature and character as when originally produced, so the two costs, original cost and cost to date, coincide.

There is a larger sum of figures where the statement includes original cost, but not cost to date. There is a still larger sum of figures included in there which is neither original cost nor cost to date, being the Commission's reproduction estimate as of the 1910-14 level of prices, part new and part secondhand, undetermined.

Neither do the carriers accept the Commission's appraisal of these lands, which was based upon an assumed value of adjoining

*[100]

and adjacent lands, and give no consideration to severance damages and excess costs that the railroads have to pay in acquiring their lands. But even on this restricted basis, we see that these public servants could not be acquired today for the amount of money that they actually were acquired for.

Now, look at line 19. Here we take the reproduction estimate as of January 1, 1940, and on line 20 add the current land appraisal, because land is not separable in schedule 211-N. These two figures added together give us the sum shown there of \$2,931,347,451, whereas what these carriers returned in 211-N, not including cash or material and supplies, is \$2,632,392,818.

EXAMINER McGRATH: Does that amount represent what is known as the "Book Value"?

THE WITNESS: Yes.

MR. CLARK: That is right.

THE WITNESS: It is regularly the figure returned to the Commission in Schedule 211-N of the report. It is book value of property devoted to transportation service.

Q. (By Mr. Clark) Mr. Tassin, let's sum up this exhibit by pointing out that your book value that you have referred to is three hundred million dollars less than the value that the Commission shows in Exhibit A-11?

A. And which is incomplete.

Q. That is the point of the exhibit?

*[101]

*A. That is the point of the exhibit, to show that we are using a conservative basis of measurement.

MR. JOUROLMON: Mr. Examiner, I wish to make an objection to the reproduction cost evidence which has been incorporated in this testimony on the ground that all reproduction cost is speculative, conjectural, and has no probative value for any purpose in any court of record.

EXAMINER McGRATH: The objection is noted.

Q. (By Mr. Clark) Please take up Statement No. 8, Mr. Tassin.

A. Now, while the purpose of this proceeding has been stated by our traffic witnesses, if the increase sought is granted, there will flow certain collateral benefits, and these ensuing statements are intended to develop that. For example, take Statement 8, page 10.

You will see that over the seven years here averaged, the freight operating ratio has been 63, and the passenger operating 110. On the average, we are spending more than a dollar in passenger service to earn a dollar of revenue. Now, any improvement in passenger revenues will help to reduce that disparity in ratios, operating ratios.

Statement No. 9, page 11, carries this comparison a step further. The operating ratio is obtained by dividing operating

revenues into operating expenses. This statement gives what I call an outgoing ratio, because it adds to expenses, taxes and rents before dividing by revenues.

*[102]

*Q. In other words, here you figure on basis of the so-called net railway operating income?

A. Yes, up to that level.

Q. I think it is self-explanatory.

A. And here where freight shows an operating ratio of 74, passenger shows a ratio of 126. We are spending an added 26 cents to earn a dollar of revenue in passenger services, so that passenger is very definitely a burden upon freight.

Now, Statement No. 10, page 12. Look at line 20, and look at the first five figures. It will be observed that passenger carrying cars, popularly known as the "Rear End Cars" earned in the neighborhood of 15 or 16 cents per mile very consistently during those first five years.

In 1941, the earnings jumped up to 20 cents a mile and in 1942 to 38 cents a mile, the average being 20 cents a mile well above the average for the first five years. Now, that is the earnings per mile of your passenger carriage or rear end cars.

Q. Let's make that simple. That includes your coaches and your sleepers and your parlor cars and your dining cars?

A. All cars.

Q. Cars carrying passengers?

A. All provided for the convenience of passengers.

Q. Now, we are beginning to narrow that down on the next exhibit.

*[103]

*A. The next statement, No. 11, on page 13, gives a comparison for the head end cars, baggage cars, mail, express and milk, which carry no passengers.

Q. Which are not included in Statement 10?

A. That is right.

Q. Yes sir.

A. And here there is the less phenomenal jump in 1941 and

1942. The statement runs pretty consistently all the way through, showing that these head end cars which do not represent the investment of the rear end cars and do not require as much cost in the way of cleaning and supplying as the rear end cars, nevertheless produced on the average 5 cents per car mile additional revenue, more revenue, so that the trouble with passenger is in passenger fares, rather than in respect to the earnings derived from mail, express and so forth.

Q. Now, No. 12, here is where you break down Exhibit No. 10?

A. That is right. Statement No. 12, page 14. Here we show the average earnings per passenger per mile in coaches only, other than commutation. There is no commutation service in this statement. The average is 1.594. Of course, some of these roads, as has already been explained, have been using the 2.2 rate where others have been using the 1.65, but the general average is 1.594 per passenger mile in coaches only.

Q. Can you recall which those roads are, Mr. Tassin?

A. The Frisco, Illinois Central, GM&O.

*[104].

*Q. Wait a minute. The Frisco, is it?

A. Frisco.

Q. That is the same as the "St. L&SF"?

A. Yes.

Q. IC?

A. IC.

Q. GM&O?

A. GM&O. Those roads have some 1.65 rates for competitive purposes, as has been explained.

Q. I see.

A. I would like to refer on the statement No. 12, page 14, to line 10, where the Illinois Central earned on an average 1.699; to line 13, where the St. Louis-San Francisco earned on the average 1.873; to line 9 which is the GM&O, where they earned 1.673. You see the effect of that 2.2 rate on the roads that used it.

Q. All of the other lines, without having to name them, are less?

A. Yes.

EXAMINER McGRATH: We will recess now until 1:30.

(Whereupon, at 12:30 o'clock, p. m., a recess was taken until 1:30 o'clock p. m.)

*[105]

*AFTERNOON SESSION

The hearing was resumed pursuant to recess.

1:30 P. M.

EXAMINER McGRATH: The hearing will be resumed, gentlemen.

J. S. TASSIN

the witness on the stand at the time of recess, resumed the stand and testified further as follows:

DIRECT EXAMINATION

Q. (By Mr. Clark) Let's take up No. 13, Mr. Tassin.

A. Statement No. 13 on page 15 gives the revenue per passenger mile in sleeping cars, 2.366.

Q. Now, that means, let's see if we get it right, one passenger, one mile.

A. Yes.

Q. In that class of equipment?

A. Yes.

Q. That is exclusive of coaches?

A. That excludes coaches, the coaches are on the preceding page.

Q. That is right.

A. 1.594.

Q. Otherwise it is gotten up identically like No. 12?

A. That is right.

Q. All right, sir.

A. No. 14 on page 16 is the revenue per coach mile. The

*[106]

*previous figure you will recall was for passenger carrying in car miles.

Q. That's right.

A. This is limited to the coach mile.

Q. This is the coach as a unit?

A. As a unit.

Q. Without any sleeping or chair car?

A. That is right.

Q. But the coach as a unit?

A. Yes.

Q. All right.

A. About 1937 to 1940 it was around 19 or 20 cents per coach mile. It jumped to 27 cents in 1941 and 38 cents in 1942, the average for the six year period being 27 cents per coach mile, revenue produced by a coach.

Q. I believe 15 is the same thing.

A. 15 is the same thing for the sleeping and parlor car miles, statement 15 on page 17.

Q. All right, sir.

A. It shows that the revenues were running around 20 or 21 cents a mile through 1940 and jumped to 25 cents in 1941, to 47 cents in 1942, with an average of 27 cents per sleeping or parlor car mile for the six year period.

Q. All right; No. 16.

A. Statement No. 16 on page 18, takes the total railway tax

*[107]

*accruals account, No. 532. It takes the year 1936 as the basis of comparison, the index number 100, and shows that in 1941, for example, the tax burden had increased by over 100 per cent, 108 per cent, to be specific. In 1942 it increased by 329 per cent. It shows the increasing tax burden.

Q. What taxes are included?

A. All taxes are included.

Q. Total taxes?

A. Total taxes.

Q. Statement No. 17 is what?

A. Statement No. 17 shows the same figures, but deals only with that portion of the tax burden which under the Commission's rules is separated against passenger service.

Q. You mean the Interstate Commerce Commission?

A. The Interstate Commerce Commission. Now, you will observe there that the increased tax burden on passenger service in 1941 over 1936 was only 26 per cent, but in 1942 it was 231 per cent.

Q. All right, sir. No. 18.

A. Statement 18 on page 20 shows the increase in the general rate of compensation. It is not the increase in labor costs, but increase in rate of compensation. Taking 1936 as 100, there is a more or less constant increase year by year, in 1941 it jumped up by 16 per cent and in 1942 by 25, the average being 11 per cent.

*[108]

*Q. The distinction you pointed out was this is hourly compensation, not total compensation?

A. Not total compensation. The increased rate of pay is measured by the hour of service.

Q. All right.

A. Statement No. 19 on page 21, using the October 1, 1936, date as a basis of comparison, the index number 100, shows that taking year 1943, the last column to the right, the increased price in material and supplies is shown. This is not volume again, but the increased cost per unit of 20 per cent.

Q. All right, No. 20.

A. No. 20 goes back to the last war and takes the five year period 1916 to 1920, inclusive, and shows during those years these particular roads carried about 68 passengers per train. That is the per train figure.

Q. That is in all classes of equipment, coaches and Pullmans?

A. Yes, the average number of passengers on a train was 68.

MR. JOURLOMON: Mr. Examiner, I don't know the purpose of this exhibit. It seems to be rather remote in time, and until

I know the purpose of it I am going to make an objection in order to reserve it.

MR. CLARK: The next exhibit brings it out.

THE WITNESS: Yes, the purpose is to show—

MR. CLARK: Wait a minute. You don't have to explain the purpose of the exhibit. You offered it.

*[109]

*THE WITNESS: Well, it will speak for itself.

MR. CLARK: All right.

Q. (By Mr. Clark) Now, your next statement, No. 21.

A. The next statement, No. 21 on page 23, takes the ensuing ten years, 1921 through 1930, where the trains averaged 49 passengers, showing a considerable drop from the first period.

MR. JOUROLMON: I make an objection as to page 21 or statement 21, page 23.

EXAMINER McGRATH: The objection is noted.

THE WITNESS: Statement 21 on page 23 I have just explained.

Q. (By Mr. Clark) You have statement 22 on page 24.

A. Statement 22 on page 24 takes the next ten years, 1931 through 1940.

Q. All right.

A. With a drop to 37 passengers per train.

MR. JOUROLMON: I make the same objection, I think it is applicable to that too.

EXAMINER McGRATH: The same ruling.

Q. (By Mr. Clark) All right, your next statement.

A. Statement 23 on page 25 shows that in the year 1941 the number of passengers per train had jumped to 62 and in 1942 to 120, and in the first eight months of 1943 to 189. Those are passengers per train.

Q. Are you talking about statement 22?

A. Statement 23.

*[110]

*Q. You have got revenue passengers per train mile here.

A. Yes, that is right, passenger miles per train mile, revenue

passenger miles per train mile; the number of passengers on the train for the average mile.

Q. I see. All right. You are still following the same method?

A. Still following the same method, that is using the train as the unit of comparison. Now, we pass to the car as the unit of comparison. Statement 24 on page 26. Here the average car, passenger car, averaged 18 passengers in the five year period 1916 to 1920. Statement 25 on the ensuing page shows a drop to 12 passengers for the period between 1921 and 1930.

Q. Right there, that is coaches and pullmans or just coaches?

A. No, that is coaches and pullmans, that is passenger carrying car miles, any car available for use of passengers.

Q. For statements 24 and 25?

A. And also for 26.

MR. JOUROL MON: The same objection for each of these three pages.

EXAMINER McGRATH: The objection is noted.

A. That shows a drop to 9 passengers per car in the period 1931 to 1940. Statement 27 on page 29 shows that in 1941 the average was 14 passengers per car, in 1942 it was 22 passengers per car, and for the first 8 months of 1943 it was 31 passengers per car.

Now, we pass from the rear end cars in general, all passenger

*[111]

*carrying cars, to the coach in particular, Statement No. 28 on page 30 shows from 1937 to 1942, inclusive, the only period for which this information is available, an average of 17 passengers per coach, and statement 29 on the ensuing page shows an average of 12 passengers per Pullman car. That concludes the exhibit.

Q. (By Mr. Clark) Now, Mr. Tassin, of course we all recognize you have been using total figures, and not decimals,

A. Yes, the round figures. It is hard to split a passenger.

Q. In several places you have referred to the T. A. & G. as being excluded, in other words it is shown with or without them.

A. Yes.

Q. Does the exhibit make that clear why you did that?

A. The reason for that was because in a good many cases we were unable to get the T. A. & G. statistics. We used them when they were available, and showed the effect of including or excluding it and it is very slight upon the total, the effect of either including or excluding the T. A. & G.

Q. The T. A. & G., has it relatively very small mileage in the State of Tennessee? Which is the exhibit on that?

A. The mileage will be shown on Statement No. 5. It has only 3 miles in the State of Tennessee out of a total of 95 miles.

Q. That is what I thought, it is relatively unimportant.

*[112].

A. If you will refer to Statement No. 1, it reported no losses *so it has practically no business in Tennessee for those 3 miles.

Q. Passenger business?

A. Passenger business.

MR. JOUROLMON: Isn't that 8 miles instead of 3?

THE WITNESS: Yes, it should be 8 miles instead of 3.

Q. (By Mr. Clark) What page are you talking about if you are going to correct that statement?

A. Statement No. 5, page 7. I referred to the mileage of the T. A. & G. as 3. It is 7.85, or in round figures 8 miles.

MR. JOUROLMON: You got the wrong column.

THE WITNESS: Yes. But as I have said, they show no losses for those 8 miles, indicating no intrastate business.

Q. (By Mr. Clark) Which figure do you want to change?

A. There is no figure to be changed, I merely referred to the wrong figure, I referred to the wrong column.

Q. It is on Exhibit 8?

A. It is on Exhibit 5.

Q. Isn't it on Exhibit 6?

A. It is also on Exhibit 6, I think. Yes, it is shown in round figures on Exhibit 6 as 8 miles.

EXAMINER McGRATH: You mean Statement 6?

THE WITNESS: Statement.

EXAMINER McGRATH: Of Exhibit 6.

THE WITNESS: Statement 6, page 8, Exhibit No. 6.

*[113]

*Q. (By Mr. Clark) What I am trying to straighten out is one is 8 and the other is 7.85.

A. Yes, in the ensuing page we used the round figure.

Q. That is the same figure?

A. That is the same figure.

Q. Of course we understand you are the general statistician for the Southern Railway System Lines, C.N.O.&T.P., A.G.S., and other system lines. Throughout the exhibit you have included statistical data on behalf of other railroads in Tennessee. Was that furnished you by the responsible accounting offices of those railroads?

A. For statement No. 1 only. All of the other statistics were available to me through reports of the Interstate Commerce Commission.

Q. And so on statement No. 1 you have used the data that the railroads furnished?

A. Yes, sir.

MR. CLARK: Mr. Examiner, may I say that we have here Mr. Kennedy from the accounting department of the L. & N. Railroad, Mr. Peer from the accounting department of the G. M. & O., Mr. Sharpe from the Illinois Central System Lines, Mr. Hopkins is here from the N. C. & St. L. I believe that covers the lines for whom you have furnished data?

THE WITNESS: Yes.

MR. CLARK: We appreciate that Mr. Tassin did not keep

*[114]

*those records, but it is only fair to explain to you where he got the data, and to say those gentlemen are here. These gentlemen can be questioned about any phase of it that the Examiner or the opposing counsel may wish.

Q. (By Mr. Clark) Mr. Tassin, have you any other statement that I have overlooked asking you about?

A. No.

Q. This one exhibit is all you have to offer?

A. Just the one exhibit.

Q. Have you any further statement in connection with the exhibit?

A. No.

MR. CLARK: If the Examiner please, we offer Exhibit No. 6 on behalf of the Respondent roads.

MR. MILLER: Mr. Examiner, may I request that the ruling as to the admissibility be delayed until after cross examination?

EXAMINER McGRATH: It will be deferred.

MR. CLARK: Cross examine.

MR. JOURLON: Mr. Examiner, I am going to reserve my cross examination until after that of Mr. Miller, of the O. P. A., if that is satisfactory.

CROSS EXAMINATION

Q. (By Mr. Miller) Mr. Tassin, suppose we start with No. 1, and in that connection I want to refer to statements Nos. 16

*[115]

and 17, showing the past accruals. First, why or generally speaking what is the principal reason for this increase, tremendous increase in railway tax accruals in 1942?

A. Increased rates of taxation to raise the money to run the war.

Q. Is that largely excess profits taxes?

A. With respect to certain of the roads, yes.

Q. Would you say that was the principal reason for the increase?

A. For the high increase in 1942, yes.

Q. Correct, yes. Well, now, you see that on Statement No. 1 where you give certain estimates of the alleged loss of intrastate revenue, if the Tennessee Railroads had had the benefit of that loss, how much of that would have gone into excess profits tax, generally speaking?

A. Well, as to roads that are in the surtaxable group, 80 per cent roughly would have been turned over to the government. We have to earn a dollar to keep twenty cents. That is the fate of business generally these days.

Q. Are you able to name those particular railroads on statement No. 1 which are in that excess profits bracket?

A. I had not checked that and cannot identify them. I know that the Southern Railway is.

Q. What about the I. C.?

A. I can't answer for the I. C. They have a representative here.

*[116]

*Q. In other words, you don't know any except the Southern Railway System, is that right?

A. That's right, I have no knowledge as to that fact. It could be ascertained from their reports, but I have not checked it.

Q. Now turn to statement No. 2. I notice in line 19 you say it will take 9 years to wipe out that deficit shown in line 18, the revenue status as of 1942. That leads me to wonder why you offered that, why this statement is offered. Can you explain why it is you think you are justified in 9 years of 1942 revenue?

A. No, it is not for that purpose. The statement is offered to show the impropriety of reaching conclusions by considering that year only. You cannot consider 1942, the highest year on record, without considering 1932, the lowest year on record, and the period in between. We must have the normal experience of these roads over a number of years in order to reach a reasonable conclusion.

Q. Well, now, I don't quite understand. Do you mean that the Tennessee railroads are claiming that they are entitled to this increase in intrastate fares to recoup for these 9 years?

A. No, we make no such claim.

Q. Then what is the purpose of the exhibit?

A. The purpose of the exhibit is to show the folly of restricting

*[117]

your consideration to a single year, good or bad. You must *take

the normal experience of the railroads over a number of years. You cannot change your rates and fares every year; our tariffs are not equipped with thermostats.

Q. Now, do you expect to have deficits during the war?

A. No; and we do not expect people to be kicking about that if we are not privileged to kick for the deficit in the other years.

MR. CLARK: The cross examination is largely argumentative.

EXAMINER McGRATH: I am inclined to agree with you.

MR. CLARK: It seems to me the purpose of the exhibit is a matter for discussion in the brief.

EXAMINER McGRATH: It has been fully covered, it seems to me, so far.

MR. CLARK: I hope the balance of the cross examination will bear that in mind.

MR. MILLER: Mr. Examiner, I do think it is entirely relevant to try and find out what the purpose of this exhibit is.

EXAMINER McGRATH: I do not intend to interfere with your doing that.

MR. MILLER: I don't intend to make any lengthy cross examination, I never have, and I do not intend to waste it.

EXAMINER McGRATH: Proceed.

Q. (By Mr. Miller) Turn to statement No. 3. In that first column of dollar figures, can you explain what enters into your investment in railway property?

*[118].

*A. That is the investment in railway property used in transportation service as annually reported to the Interstate Commerce Commission since 1936 in Schedule 211-N of the annual report to the Commission, the previous years being constructed on the same basis. The note, reference A, shows it includes an allowance for working capital, which is the sum total of cash and materials and supplies on hand at the close of each year. That is the basis the carriers have consistently used for measuring their rate of return and indicated revenue needs.

Q. Is that first dollar figure on the next sheet, statement No. 4, compiled in the same way?

A. It is general operating revenues annually reported to the Interstate Commerce Commission.

EXAMINER McGRATH: Just answer that question simply.

THE WITNESS: I can't answer it simply, because it is not compiled in the same way.

Q. (By Mr. Miller) Statement No. 4, next page.

A. Yes.

Q. Does this investment figure have any deductions for depreciation?

A. No.

Q. You have calculated the rate of return on that basis. How do you justify the calculation prior to deductions for depreciation?

*[119]

*A. Depreciation is an element of cost and you would be short in your cost if you deducted depreciation.

Q. Now, then, you have also shown net railway operating income on that exhibit after deduction of taxes; isn't that correct?

A. That is right.

Q. How do you justify that in your calculation of rate of return?

A. We can't turn the money over to the government unless we earn it.

Q. Well, do you count that as an expense?

A. Why, certainly, we would be paying it out of our own pocket if we didn't get recompense for it.

Q. Do I understand that that figure, net railway operating income, is also after deduction of rents?

A. Yes, it is the prescribed figure by the rules of the Commission.

Q. What kind of rents are those?

A. Operating rents, equipment and joint facility rents.

Q. Statement No. 6, you have figured the weighted basis as I understand it on a return of $5\frac{3}{4}$ per cent, is that correct?

A. Yes.

Q. Why did you use 5 $\frac{3}{4}$ per cent?

A. Well, because on an historical basis my investigation shows

*[120]

that that is a fair average rate, and it is the rate that is uniformly used, which has been used for a number of years, but I have looked into it and found that it is a fair average interest compensation to figure on.

Q. Now, on statement No. 7, those bases A and B, for your other data with respect to value of railroad property, is that before or after deduction of depreciation?

A. Before deduction of depreciation.

Q. In other words it did not include depreciation?

A. No, for the same reason. I am dealing with costs.

Q. Are those the only elements of value submitted to the Commission in Ex Parte 148?

A. Yes, that is the only—well, of course, the carriers put in data similar to that statement No. 3. Again I don't call them value comparisons, but cost comparisons.

Q. On statement No. 24 you have some figures relating to revenue passenger miles per car miles. Is that based on cars such as diners and deadheaded cars, and so forth?

A. Yes, sir, the car miles include the total passenger carrying car miles.

Q. How about empty cars, deadheaded cars?

A. Yes, empty cars are in there because they are not separated in the statistical reports to the Commission.

MR. MILLER: That is all on cross-examination that I have, but if I may, while the matter is fresh in your memory, Mr.

*[121]

Examiner, I would like to make my objection to the exhibit based on that cross examination. I want to object to statements 3, 4, and 7 on the grounds that they are improperly calculated for these reasons: In Ex Parte 148, first decision, the Commission cited a prior decision, Reduced Rates 1922, in which it said "Railway corporations, like other corporations, should pay their Fed-

eral income tax out of income rather than collect it in effect from the public in the form of transportation charges adjusted to enable them to retain the same amount of money that was returned over and above the taxes."

Also I wish to object to those exhibits because the depreciation is not reduced from the base. The Commission in "Charges for Protective Service to Perishable Freight," 215 I.C.C. 684, said that that should be done, and cited a number of Supreme Court cases to that effect, and the Commission says this: "The Supreme Court has repeatedly held that in order to determine the present value deductions must be made for accrued depreciation."

MR. CLARK: Will you give me that citation, 215 what?

MR. MILLER: 215 I.C.C. 684, and I quote from page 692.

MR. CLARK: Did you cite another one?

MR. MILLER: The first report in Ex Parte 148.

MR. CLARK: Do you want to hear from me?

EXAMINER McGRATH: I don't think so. As to your first objection, that in respect to the inclusion of taxes, that objection

*[122]

is overruled. The other objection will be noted. *Are there any further questions on cross examination?

MR. JOUROLMON: Yes, if you please.

Q. (By Mr. Jourolmon) Mr. Tassin, your exhibit on page No. 7 and statement No. 5 shows that the Alabama Great Southern Railway has 9.61 miles of line in Tennessee?

A. Yes.

Q. Does the Alabama Great Southern Railway have any intrastate service in Tennessee?

A. No.

Q. That is all interstate?

A. Yes.

Q. This same exhibit shows that the Central of Georgia has 4.04 miles in Tennessee. Does it have any intrastate service in Tennessee?

A. I am advised by the Central of Georgia that it has not.

Q. At line 15 of this exhibit you show the St. Louis-San Francisco Railroad with 18.34 miles of road in Tennessee. Does this carrier have any intrastate service in Tennessee?

A. Statement No. 1 shows no claim for any loss. I infer they have no intrastate service.

Q. The T. A. & G. road shows 7.85 miles in the State. Does it have any intrastate service?

A. I infer not, from the fact no claim is made for loss on intrastate.

Q. You do not show any loss in passenger revenue as reflected by the Tennessee Central Railway Company which is practically

*[123]

*all an intrastate road so far as passenger service is concerned.

MR. CLARK: When you say, Mr. Jourolmon, a Tennessee road, you mean a road lying within the confines of Tennessee?

MR. JOUROLMON: Correct. Of course, I realize they carry interstate passengers.

MR. CLARK: It has been held such railroads are interstate carriers.

MR. JOUROLMON: Of course, yes.

A. I have this letter from the Tennessee Central Railway dated November 11, 1943: "In reply to your circular letters of September 18 and November 2 regarding passenger fares and charges for intrastate traffic between points in Tennessee, I.C.C. Docket 29037, wish to advise that as a result of our office being destroyed by fire, and the further fact that we are far behind with ticket work, and the limited force with which to keep it up, it will be impossible for this company to furnish you statistics requested by you."

Q. (By Mr. Jourolmon) Where did you get your figures with reference to the Nashville, Chattanooga & St. Louis?

A. From the accounting department, and Mr. Hopkins is here to answer any questions concerning those figures.

Q. Did you know that that carrier has always declined to give

the Tennessee Commission any breakdown as to interstate and intrastate figures?

*[124]

*A. I have no knowledge of any such facts.

Q. You didn't know then that we had always been advised it was impossible for us to get them?

MR. CLARK: That is not cross examination. I ask that that be omitted.

EXAMINER McGRATH: Hasn't he answered your question?

MR. JOUROLMON: No, sir, he hasn't, and it has been objected to. He says it is not cross examination.

MR. CLARK: It is not. The witness said he had had no information what the N. C. & St. L. has said to the Commission, then counsel indulges in some side remarks.

MR. JOUROLMON: No, I did nothing of the sort, I asked him definitely a question.

MR. CLARK: He answered that.

EXAMINER McGRATH: What is the second question?

(The question was read).

EXAMINER McGRATH: Wouldn't that necessarily follow the first answer?

MR. JOUROLMON: It might, and it might not.

MR. CLARK: Certainly he wouldn't know it.

MR. JOUROLMON: We have a right to ask the question, I think.

EXAMINER McGRATH: What is your answer?

THE WITNESS: No.

Q. (By Mr. Jourolmon) The next thing, Mr. Tassin, is this

*[125]

*reference to excess profits taxes. Can you give us the information as to which carriers are subject to excess profits taxes?

A. No.

MR. CLARK: He has heretofore answered that he could not.

Q. (By Mr. Jourolmon) Can we not obtain that right now through the same parties who have given you this information?

A. I don't know.

Q. Does the C. N. O. & T. P. Railway belong to the Southern Railway?

A. Yes.

MR. CLARK: It belongs in the System.

THE WITNESS: It is in the System, it doesn't belong to the Southern Railway.

Q. (By Mr. Jourolmon). Do you have any information with reference to the C. N. O. & T. P. Railway?

A. Yes.

Q. What is the information with reference to excess profits taxes of the C. N. O. & T. P. Railway?

A. I would say offhand from my general knowledge that the C. N. O. & T. P. is in that same class.

Q. In the same class as what?

A. As the Southern.

Q. Which simply means that it is paying excess profits taxes?

A. Yes.

*[126]

*MR. JOUROLMON: Mr. Examiner, the carrier has offered as supporting evidence these other gentlemen who have supplied Mr. Tassin certain information. I wish to direct my inquiry now to them.

EXAMINER McGRATH: Have you any further questions to ask Mr. Tassin?

MR. JOUROLMON: Not unless it is developed from some of these other answers that are received from the other gentlemen.

MR. CLARK: Do you wish to finish with him now on your direct? He will still be here.

MR. JOUROLMON: Mr. Examiner, it seems as long as they have presented them in this way and stated in presenting them that this is—these tax figures are based upon information received from certain men who are his advisers and are sitting right here in the room, that the proper thing is to take those right now.

MR. CLARK: Didn't you say it was statement 1?

THE WITNESS: Statement 1.

MR. CLARK: He didn't say the others were?

THE WITNESS: No.

MR. CLARK: It was statement 1 that I made tender of these other gentlemen in connection with.

MR. HENDLEY: Oh, I beg your pardon.

EXAMINER McGRATH: What is the source of the other figures?

*[127]

*THE WITNESS: Figures with respect to the tax accruals, reports to the Interstate Commerce Commission rendered by the separate carriers.

MR. CLARK: Mr. Examiner, each page has its source.

Q. (By Mr. Jourolmon) In other words, your statement No. 16, which is page 18 of your Exhibit, was not derived from any information from these various accounting authorities of the various railroads?

A. No. The source is shown at the bottom of the page.

Q. You are not able to tell by examining the 1942 returns which of those roads are subject to excess profit taxes?

A. No.

EXAMINER McGRATH: Are excess profit taxes shown separately from income taxes?

THE WITNESS: Income taxes are shown as a lump sum.

EXAMINER McGRATH: Income taxes and excess profit taxes?

THE WITNESS: They are all in the same figure.

Q. (By Mr. Jourolmon) Now, is that shown on the reports which the carriers made to the Interstate Commerce Commission from which you derived this Exhibit?

A. Yes.

Q. But you did not—

A. The income tax figure as a whole is shown without breakdown. As to how much of it is excess profit tax, if any, I don't know.

*[128]

*Q. Can you state which of these carriers are subject to income and excess profit taxes?

A. I cannot.

MR. CLARK: Except for our own roads.

THE WITNESS: Our own roads.

MR. JOUROLMON: Except for your own roads?

MR. CLARK: That is the Southern.

MR. JOUROLMON: And the C. N. O. & T. P.?

THE WITNESS: I can say that they are subject to income taxes, because their reports show that. I cannot say if any of it is excess profit taxes.

Q. (By Mr. Jourolmon) At page No. 8 and statement No. 6 you have an Exhibit, and I wish you would state what that is designed to show.

A. By how much operating income, gross, would have to be increased to provide a 5 $\frac{3}{4}$ per cent return on investment.

Q. And the conclusion which you reach in that is that these carriers which operate over the entire State would need to receive 12 per cent more, while for that part of the line in Tennessee alone it would be 10 per cent more?

A. No, that is not the proper interpretation; that if we weight in proportion to their total mileage the needed amount, it would be 12 per cent additional. If we weighted it in proportion to their miles in Tennessee, the group average would be 10 per cent increase.

*[129]

*Q. Doesn't that mean that the operating results in Tennessee are slightly more advantageous to the carriers than in those other States?

A. No, it does not mean that. It simply means that the relation of the carriers in Tennessee is different to their relation in their respective territories as a whole.

Q. Would you say that it would mean that transportation conditions in Tennessee are poorer than they are in the other sections?

A. No, no, it is merely a problem of getting a representative group average on basis of given relationships, the State as compared with the Regional figures.

Q. On your Exhibit, page 6, which is statement No. 4, does this show that the Tennessee railroads have a rate of return slightly above those of the rest of the Southern Region?

A. Weighted as a group.

Q. Weighted as a group?

A. Yes.

MR. JOUROLMON: I think that is all, Mr. Examiner. I would like to ask now for the accounting witness who gave the information with reference to the N. C. & St. L. Railroad.

EXAMINER McGRATH: Let's see if we have any further cross examination of Mr. Tassin.

(No response.)

EXAMINER McGRATH: Are there any other questions on
* [130]
redirect examination?

MR. CLARK: One question.

REDIRECT EXAMINATION

Q. (By Mr. Clark) On Statement 4, and for that matter various other statements, the roads you have shown as Tennessee lines, I will ask you whether or not they are the principal rail lines in Southern Region?

A. They are.

MR. CLARK: That is all.

Q. (By Examiner McGrath) Have you made any comparisons that would enable you to give us for the record what the rate of return is from passenger service of all the class one railroads in Southern Territory for 1942 and for the—well, say a representative period in 1943?

A. No, because we have no separation of the basic measurement. In other words, the cost of the property, we have no separation as to how much is purely freight and how much is purely passenger, how much common to both freight and passenger.

We have no basis for ascertaining that information.

EXAMINER McGRATH: I have no further questions. Are there any further questions?

(No response.)

EXAMINER McGRATH: That is all, sir.

(Witness excused.)

EXAMINER McGRATH: Now, off the record.

*[131]

*(Discussion had off the record.)

J. L. HOPKINS,

was sworn and testified as follows:

DIRECT EXAMINATION

Q. (By Mr. Gwathmey). Mr. Hopkins, before you are questioned, will you please state your name, your residence, and your connection with the Nashville, Chattanooga & St. Louis Railway?

A. J. L. Hopkins. I live in Nashville.

Q. What is your connection?

A. I am special accountant for the Nashville, Chattanooga & St. Louis Railway.

Q. Did you furnish to Mr. Tassin for account of the Nashville, Chattanooga & St. Louis Railway the figures which he has incorporated into statement 1 of his Exhibit No. 6?

A. Yes, sir.

MR. GWATHMEY: Mr. Jourolmon, the witness is available for any questions.

CROSS EXAMINATION

Q. (By Mr. Jourolmon) Mr. Hopkins, the figures you furnished showed the loss as it is termed in intrastate revenues for three different periods. How were those figures compiled?

A. We compile the intrastate Tennessee passenger revenues currently. Not all of those passenger fares are subject to the proposed increase which applies as I understand it; only to coach

*[132]

fares. They do not apply to fares in Pullman cars *nor to so-called furlough tickets.

Q. What is the gross amount of intrastate revenues—

A. I am sorry, I did not have any—

EXAMINER McGRATH: Let him finish his question.

Q. (By Mr. Jourolmon) —gross amount of intrastate revenues in Tennessee for those periods?

A. I am sorry I don't have the figures with me but I can furnish them and would be glad to put them in the record if desired. I did not bring any papers with me to the hearing.

MR. GWATHMEY: Will it be satisfactory for Mr. Hopkins to give you that information in the morning?

MR. JOUROLMON: Yes sir, indeed.

MR. GWATHMEY: He has it over at his office, he just hasn't got it here.

MR. JOUROLMON: That will be satisfactory.

THE WITNESS: You want that for the periods referred to in this Exhibit?

MR. JOUROLMON: That is right.

THE WITNESS: I can give it to you.

MR. GWATHMEY: You will have it in the morning, will you, Mr. Hopkins?

THE WITNESS: Yes, sir.

Q. (By Mr. Jourolmon) Did your studies develop any figures at all with reference to the amount of interstate revenues in Tennessee?

*[133]

*A. We have those figures currently compiled, but I made no study of any loss, because there would be none. The increases have already been granted.

Q. No, no, I am asking you if you have the compilation of figures?

A. Yes, sir.

Q. You do have those?

A. Yes, sir.

Q. Will you supply those also?

A. Yes, sir.

Q. Are you in the accounting department of the carrier so that you have access to the records with reference to tax accruals and tax payments?

A. I have access to them, but I have no connection with the compilation of them.

Q. Can you give us the information with reference to the amount of excess profits taxes of the N. C. & St. L. Railway, or even advise us as to the bracket the N. C. & St. L. Railway is in?

A. For what period, what year?

Q. For the periods which have been stated on page 18, statement No. 16, of Mr. Tassin's Exhibit No. 6.

A. I can give you our accrual of those excess profits taxes, but we will not know until they have been passed on by the Treasury Department what the final figures are.

MR. GWATHMEY: You mean the United States Treasury
*[134]

Depart*ment, do you not?

THE WITNESS: That is right.

EXAMINER McGRATH: What years do you have reference to, Mr. Hopkins?

THE WITNESS: The years in which we were in the income tax or the excess profits tax brackets.

MR. JOUROLMON: It will be the years 1941 and 1942, if at all.

THE WITNESS: Probably.

MR. JOUROLMON: In other words, there was no excess profits tax back of those two years?

THE WITNESS: Not prior to that time, no, sir.

EXAMINER McGRATH: Off the record.

(Discussion had off the record.)

MR. JOUROLMON: The suggestion has just been made that some of these taxes may have started a little earlier than that, in 1940. Will you just check back for the record?

THE WITNESS: I will go back as far as taxes are accrued.

MR. JOUROLMON: Very good. Thank you.

MR. GWATHMEY: Off the record.

(Discussion had off the record.)

EXAMINER McGRATH: Are there any further questions of this witness?

(No response.)

EXAMINER McGRATH: Thank you.

(Witness excused.)

*[135]

*MR. JOUROLMON: Now, for the Louisville & Nashville Railroad Company, if I may have the witness.

MR. GWATHMEY: Mr. Kennedy is here. Mr. Examiner, I merely asked Mr. Hopkins a question as to his qualifications. I want it understood that these witnesses are being called by Mr. Jourolmon, and they are his witnesses.

MR. JOUROLMON: And I am quite willing to accept these witnesses, with a great deal of pleasure.

MR. GWATHMEY: Very well. Do you want me to qualify him or will you?

MR. JOUROLMON: I will be glad to qualify him if you want me to. You did before, and I deferred to you.

MR. GWATHMEY: Go ahead, your privilege.

WILLIAM F. KENNEDY

was sworn and testified as follows:

DIRECT EXAMINATION

Q. (By Mr. Jourolmon) Please state your name for the record, Mr. Kennedy.

A. William F. Kennedy.

Q. And your experience?

A. I am Assistant Comptroller of the Louisville & Nashville Railroad Company at Louisville, Kentucky. I have been employed in the accounting department of that road for about 30 odd years.

Q. Did you furnish the information to Mr. Tassin which he

*[136]

has introduced in this record on statement No. 1 at page No. 3 of his Exhibit 6?

A. I did.

MR. GWATHMEY: For the L. & N.?

MR. JOUROLMON: For the L. & N., yes.

THE WITNESS: For the L. & N.

Q. (By Mr. Jourolmon) How was this information compiled?

A. We keep the intrastate revenue and the interstate revenue in the State of Tennessee separately as a current matter. We made appropriate deductions from the intrastate totals for those fares to which the increases do not apply, and thereby obtained the approximate loss that would result on the balance.

Q. Do you have the total amount by years of intrastate revenue in Tennessee?

A. The total intrastate revenues for the year ending February 28, 1943, were \$266,859. For the year ended September 30, 1943, they were \$348,134, for the ten months ended September 30, 1943, they were \$318,669. Those were the same periods as shown in statement No. 1 of Mr. Tassin's Exhibit 6.

Q. Are your accounting records kept in such manner that you could supply information as to the amount of interstate revenues which accrue in Tennessee?

A. They are.

Q. Can you give the figures for that for those same periods?

A. I don't have those figures with me, but they are on file

*[137]

*in Louisville, Kentucky, and can be furnished if I am given time in which to do it.

Q. Will you make those available?

A. Yes, sir. How shall I do that?

MR. CLARK: Let's see what you are asking for.

MR. JOUROLMON: The interstate revenues.

MR. CLARK: Interstate passenger revenues?

MR. JOUROLMON: In Tennessee.

MR. CLARK: That is passenger fare revenues?

MR. JOUROLMON: Passenger fare revenues.

MR. CLARK: Do you understand that it is passenger ticket revenues, Mr. Kennedy?

THE WITNESS: Yes, sir.

EXAMINER McGRATH: Is that for both coaches and parlor car travel? Is there a separation made?

MR. JOUROLMON: This should be reduced simply to coach.

THE WITNESS: We don't have the separation as between coaches and Pullmans. Our totals are for all classes of tickets.

MR. JOUROLMON: If that is the best that you have, I think it would be satisfactory to file it in that form.

EXAMINER McGRATH: For the same periods covered by statement 1?

MR. JOUROLMON: Yes, that is the question.

EXAMINER McGRATH: Is it agreeable that the Respondent
* [138]
furnish *that?

MR. CLARK: Yes, sir, we will be very glad to furnish it, if you think it will be helpful.

EXAMINER McGRATH: I am not passing upon that.

MR. CLARK: I really don't—I am somewhat loath to burden the L. & N. Railroad people with the duty of furnishing that. I have not had an opportunity to confer with the witnesses to see if it can be conveniently done. Assuming it can be done, I am sure the L. & N. is quite willing to furnish it, but in this day and time I have to be a bit careful about making such a commitment. May I ask the witness in open Court, can you furnish it, Mr. Kennedy?

THE WITNESS: We can furnish it.

MR. CLARK: Without additional expense and trouble?

THE WITNESS: Yes, sir, for total interstate revenue, all classes of passenger tickets.

MR. CLARK: You also gave another figure a moment ago. What was that for?

THE WITNESS: That was for the total intrastate, all classes of tickets.

MR. CLARK: Was that purely station-to-station within Tennessee?

THE WITNESS: Yes, sir.

MR. CLARK: Or did it include any allotment of the interstate revenue to the State?

*[139]

*THE WITNESS: That was strictly intrastate revenue between points in Tennessee.

MR. CLARK: That was strictly that?

THE WITNESS: Yes, sir.

MR. CLARK: Let's find out there did you separate their coaches and Pullmans?

THE WITNESS: That figure that I read into the record includes all classes.

MR. CLARK: I merely wanted to be clear what he had furnished, and what he was agreeing to furnish.

EXAMINER McGRATH: Will ten days be sufficient? Did you want to add something?

MR. JOUROLMON: Yes, sir. A new angle to this was just opened up by Mr. Clark's question. I am not sure I understand the meaning of it.

Q. (By Mr. Jourolmon) Is there any allotment of interstate ticket fares or revenue made to intrastate?

A. No, sir.

Q. What did you understand the question to be?

A. I didn't understand it.

MR. CLARK: I asked if that figure included any allotment, that is all on earth I asked him. He said it did not.

THE WITNESS: If it moved intrastate, it is all intrastate, and if it is interstate, obviously no part of it could be assigned as intrastate business.

*[140]

*Q. (By Mr. Jourolmon) There would be no reason for making any allotment of any interstate revenue to intrastate revenues?

A. No, sir.

EXAMINER McGRATH: Will ten days be sufficient?

THE WITNESS: Yes, sir.

EXAMINER McGRATH: To enable you to provide that information?

THE WITNESS: Yes, sir.

EXAMINER McGRATH: Permission to file that information within ten days is hereby granted, and in your letter of transmittal please refer to the transcript of the testimony, the page on which this permission appears if you have it by that time. If you don't, you cannot supply that.

(Information to be furnished: Amount of interstate revenues which accrued in Tennessee for the periods mentioned in statement 1, Tassin's Exhibit 6, within ten days.)

MR. GWATHMEY: May I say a word off the record?

(Discussion had off the record.)

EXAMINER McGRATH: Send two copies to the Commission, addressed to the Secretary of the Commission, and furnish the Tennessee Commission and the Office of Price Administration with a copy each. And I suppose your Counsel will want a copy also?

THE WITNESS: Yes, sir.

EXAMINER McGRATH: Are there any further questions?

*[141]

*Q (By Mr. Jourolmon) Mr. Kennedy, will you turn to page 18 of the Exhibit? That is statement No. 16, and has to do with railway tax accruals. At line No. 11 of this Exhibit there is shown certain tax accruals of the L&N Railroad Company. Are you in a department of the L&N Railroad Company which furnishes tax accrual figures of this sort, and have access to them?

A. I am, yes, sir.

Q: Will you simply state whether the increased tax accruals for the years 1940, 1941, and 1942 which are reflected on this page are due in some part to excess profit taxes?

A. They are due in the major part to income taxes, but the extent they are due to excess profit taxes I could not determine without examining the records. The increase in 1942 I know is

largely due to the excess profit taxes.

Q. And that increase is approximately thirty million dollars?

A. That is correct, yes, sir.

Q. Is that the top bracket of excess profit taxes, in other words the 81 per cent bracket excess profit taxes?

A. It is, yes, sir.

MR. JOUROLMON: That is all.

EXAMINER McGRATH: Are there any further questions?

(No response.)

EXAMINER McGRATH: You are excused.

(Witness excused.)

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*EXAMINER McGRATH: Is there anybody else you want to call?

MR. JOUROLMON: Yes, sir, I think so. The Gulf, Mobile and Ohio Railroad, if you please, Mr. Peer, will you take the stand, please?

H. A. PEER

was sworn and testified as follows:

DIRECT EXAMINATION

Q. (By Mr. Jourolmon) Mr. Peer, will you state your name and address?

A. H. A. Peer, Assistant to Auditor of Receipts, GM&O Railroad, Mobile, Alabama.

Q. What is your capacity and experience with the carrier?

A. Well, for the last thirty years I have been in the accounting department, that is the receipts department of the accounting department, during which time I have had to do with receipts accounting, interline accounting, passenger accounting, freight accounting, and for the last four years I have been assistant to the auditor of receipts.

Q. Thank you, sir. You have been present here in the room while I have asked these questions of these other gentlemen. Were the figures which appear on page 3 of Mr. Tassin's Exhibit, statement No. 1, line 13, supplied by your office?

A. Right.

Q. And were they made up approximately in the same way that has been described by these other witnesses?

*[143]

*A. Yes, precisely, it is on an actual basis. We work up our intrastate revenues, passenger revenues each month, that is accumulate them, and we went through the reports and figured out the items that would be subject to this change of fare, increased change of fares, and from those figures and reports we compiled the figures shown here. I checked these figures myself.

Q. These figures are rather small?

A. Yes, they don't amount to very much.

Q. I will not ask you to supply the complete record that I have asked of these other gentlemen, but I would like to ask you just this, are these figures roughly about 25 per cent of what the total intrastate revenue would be for your line?

A. I have it right here. I will be glad to submit this to you.

EXAMINER McGRATH: Just read into the record what the total is.

Q. (By Mr. Jourolmon) I would be glad to have you do so.

A. Here is for the twelve months period ended February 28, 1943, the Tennessee intrastate revenue is \$15,335.25, that is the actual figure. What other figure did you want?

Q. For the period ended September 30, 1943.

EXAMINER McGRATH: That is for the year ended then.

THE WITNESS: Wait a minute. I don't think I have the

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breakdown of it. I can give you that figure by some other calculations. The figures that I have here were compiled just as Mr. Tassin requested them. He wanted a breakdown of certain periods, and he made it very clear as to why he made the breakdown for those periods. I have it for twelve months through February, 1943, twelve months through June, 1943, seven months through June, 1943, and then I have the other months in separate totals. I will be glad to put those figures together for you. It won't take but a little while to do it.

Q. Your carrier is evidently on a 2.2 rate per mile in practically all except a very small proportion of your railroad?

A. That is right, and it is 1.65.

Q: This is less than 2 per cent of your total revenues?

A. Yes, sir.

Q. Where does the 1.65 rate apply?

A. That is on round trip tickets, and the various intrastate round trip tickets.

EXAMINER McGRATH: I don't believe you understood his question.

MR. GWATHMEY: Doesn't the GM&O have to meet the fare in certain instances of other railroads that are now on the 1.65 basis?

THE WITNESS: Yes, sir.

EXAMINER McGRATH: Wasn't your question directed to that?

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*MR. JOUROLMON: That is right.

EXAMINER McGRATH: Between what points or in what part of the State?

Q. (By Mr. Jourolmon) That is right, between what points and what part of the State do you have 1.65? I am not referring to your round trip fares.

A. That is a question for a rate man.

EXAMINER McGRATH: You are unable to answer that?

THE WITNESS: I am unable to give that information.

Q. (By Mr. Jourolmon) Where did you get these small amounts of five hundred dollars and four hundred dollars? You got that from certain tickets?

A. No, we got them from the reports of the tickets. The foreign line ticket reports, M&O interline ticket reports, agents ticket reports and conductors ticket reports.

Q. And you don't know what points they were applicable to?

A. No, we didn't go into that feature of it at all. We went

into the feature of picking out the intrastate items and the tickets that would be involved in this case.

Q. Well, in picking those out didn't you have to know what points were involved? I am simply trying to find out how you got at this. I am not trying to embarrass you.

A. Oh, no, I don't look at it that way. No, sir, I didn't. In the first place, all of the intrastate fares—that is worked up cur-

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rently as I stated. We get the total miles that are made covered by those movements. Then we would take the total miles and multiply that by 1.98, and then that would give you the amount that would be subject to the increase.

MR. JOUROLMON: From whom could I find out, if anybody, who knows about this?

MR. GWATHMEY: Do you really think it is a matter of any importance?

MR. JOUROLMON: It is not very important.

MR. GWATHMEY: To show the particular points on the GM&O?

THE WITNESS: Mr. Duggan could possibly give the rates, I don't know.

MR. GWATHMEY: It don't seem to me it has any particular bearing to pick out the points where they happen to have the 1.65 fare in. He stated it is wherever they have to meet the established fare of other railroads. I am not trying to be obstructive at all.

MR. JOUROLMON: All I am trying to do is to find out if there is any justification. If that is on some little branch where there is very low grade of service, or something like that,—I am trying to find out the justification for the lower fare.

MR. GWATHMEY: I didn't want to interrupt you, sir.

MR. JOUROLMON: So, for that reason—

EXAMINER McGRATH: This witness apparently is not qualified to give it.

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*THE WITNESS: No.

MR. JOUROLMON: He doesn't know, so I will quit.

EXAMINER McGRATH: Is that all you want to ask?

MR. JOUROLMON: No, I want to go to page 18.

THE WITNESS: About the tax accruals, I have nothing whatever to do with those. That is not even in our branch of the office.

Q. (By Mr. Jourolmon) That is not even in your branch of the office?

A. No, sir.

Q. You don't know whether the GM&O is paying excess profit taxes in 1942?

A. I would rather not say, I don't know.

MR. JOUROLMON: Very good.

EXAMINER McGRATH: Is that all?

MR. JOUROLMON: That is all.

EXAMINER McGRATH: Are there any other questions?

(No response.)

EXAMINER McGRATH: You are excused, sir.

(Witness excused.)

MR. JOUROLMON: Is the Illinois Central representative here?

JOHN L. SHARPE

was sworn and testified as follows:

DIRECT EXAMINATION

Q. (By Mr. Jourolmon) Will you state your name?

A. John L. Sharpe.

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*Q. Your address and connection with the railroad?

A. Chicago, Illinois, Chief Clerk, Officer of Passenger and Station Accounts, Illinois Central System.

Q. The Illinois Central Railroad also operates the Yazoo & Mississippi Valley Railroad?

A. Yes, sir.

Q. On Mr. Tassin's Exhibit 6, statement No. 1, page 3, there is shown a small amount of revenues which are subject as I understand it to the 1.65 rate. Does that mean that the bulk of your revenues are not subject to that rate?

A. It does.

Q. The bulk of your intrastate revenues?

A. Yes, sir.

Q. About what proportion of your revenues are subject to it?

A. It would be very small, probably—oh, probably 2 per cent.

Q. That is about 2 per cent?

A. Yes.

Q. It has been stated here in the record that this is to meet the competition of other carriers. Precisely what is meant by that, is that what this represents in your case?

A. To the best of my knowledge we have no competition like that that we would have to meet. We have no competitive points.

Q. What does it represent, what is the history of this 1.65

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*rate?

A. You mean between what stations?

Q. Yes.

A. Oh, it is between Memphis and Covington and Dyersburg, Jackson, Tennessee, Meridian, Milan.

EXAMINER McGRATH: What other roads between those points maintains a 1.65 fare?

MR. GRAY: May I straighten this out? Mr. Jourolmon is talking about a one-way fare on a 1.65 basis. These figures represent round trip fares. We have no lower fares than the 2.2 within the State of Tennessee on one-way trips. These increases come under your round trip increases. There is not any one-way basis here at all so far as the IC is concerned.

EXAMINER McGRATH: You are speaking for the IC, are you?

MR. GRAY: Yes, sir, I am.

MR. JOUROLMON: This then represents certain increases which are being applied for with reference to your round trip fares, is that right?

THE WITNESS: That is right.

EXAMINER McGRATH: Round trip coach fares, is that right?

THE WITNESS: Round trip coach fares, that is right, yes, sir.

MR. GWATHMEY: Mr. Examiner, maybe I had better remind you at this point that the round trip fares involved in this case include both coach fares and Pullman fares.

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EXAMINER McGRATH: Well, that has not been made very clear so far.

MR. GWATHMEY: Mr. Gaffney stated it specifically.

MR. JOUROLMON: Mr. Examiner, I did not realize that this issue was involved in this case at all. This has been something new that has struck us, and I think that unquestionably the Tennessee Commission will make a change in those schedules in order to enable these carriers to put in those fares which are involved in this; that is not the question which we understood was involved, and I don't think the Tennessee Commission has had any notion that this was part of the application.

MR. GWATHMEY: The Tennessee Commission was furnished with a copy of the railroads' petition for investigation, and was also furnished with the Interstate Commerce Commission's order of investigation; both of which clearly show that this proposed change in round trip fares is involved.

EXAMINER McGRATH: Round trip fares in Pullman equipment?

MR. GWATHMEY: In Pullmans and in coaches.

MR. JOUROLMON: Well, so far as the round trip fares are concerned, the Tennessee Commission's position simply is this in reference to that issue; so far as that is concerned we don't regard that as the issue here, and we will permit them to be increased, and the Commission will put out an order to that effect.

EXAMINER McGRATH: Could you fix some date in the future *when that will be done?

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MR. JOUROLMON: Tomorrow.

EXAMINER McGRATH: Will you advise the parties and the Commission to that effect?

MR. JOUROLMON: Yes.

MR. GWATHMEY: Mr. Chairman, this thing has become a little bit involved, and I doubt whether my friend Mr. Jourolmon understands exactly what he is offering to do. It is my understanding that he could not approve independently a change in the round trip fare without at the same time approving a change in the one-way fare, because the round trip fare is based upon the amount of the one-way fare. All we are seeking to do is to, as to the round trip fare—

EXAMINER McGRATH: Could we get any solution with respect to the fares in Pullman cars? Could that be—

MR. GWATHMEY: Well, that is what I just stated.

MR. JOUROLMON: Those Pullman fares are round trip only, and were not involved as the Commission has always understood in the matter. If these particular carriers, Gulf, Mobile and Ohio and Illinois Central Railroad have a fare structure which is already based on the 2.2 rate, I don't see how the Commission could refuse to let their round trip fares be predicated and based on exactly that same rate.

MR. GWATHMEY: Is the Tennessee Commission's proposition to have one basis of fares for certain railroads in the State

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*and another basis for other railroads in the State?

MR. JOUROLMON: Well, that is a matter for argument. We might argue it.

MR. GWATHMEY: I am just asking it.

MR. JOUROLMON: We will argue that at the proper time.

EXAMINER McGRATH: In order to possibly simplify this, could there be any separation made between the issues with respect to coach fares and the fares in parlor or sleeping cars?

MR. GWATHMEY: In what respect?

EXAMINER McGRATH: Just the respect the gentleman just mentioned, that the Tennessee Commission is ready and willing

to grant authority to put in the fares sought by the Respondents for travel in parlor or sleeping cars, as I understand it.

MR. JOUROLMON: Yes, that is right. That matter has not been made of issue before the Tennessee Commission yet as I understand it.

MR. GWATHMEY: Mr. Examiner, at this late date, and with the hearing having proceeded as far as it has, I don't know what the Tennessee Commission may propose to do about round trip fares, but all of our testimony and our Exhibits and our computations of revenue have included those figures. If there is some proposition here to take that out of the case, it is simply going to complicate the record very badly. There is no way in which

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we can segregate the figures. Up to this *time the intrastate round trip fares are on a different basis from the interstate round trip fares, and we are asking to have that situation corrected.

MR. JOUROLMON: I am sorry it will complicate the record, but I don't think it will be the first complicated record that the Interstate Commerce Commission has ever had.

MR. GWATHMEY: If the Tennessee Commission are so willing to give these railroads what they are asking for, I respectfully submit that the Tennessee Commission might well have done it before bringing on this hearing.

MR. JOUROLMON: In answer to that, I would simply like to state that the Tennessee Commission had no information before it at the time of the hearing which the carriers sought bearing upon this matter at all, and gave the Commission nothing on which it could grant the relief which now suddenly turns up at this late date.

MR. GWATHMEY: Mr. Examiner, I am sure Mr. Jourolmon is misinformed or has forgotten the facts. The railroads filed tariffs with the Tennessee Commission to become effective on December 1, 1942. Those tariffs carried the proposed change in round trip fares, as well as in one-way fares, and those tariffs were suspended by the Tennessee Commission.

EXAMINER McGRATH: Are you speaking about coach fares now?

MR. GWATHMEY: Both, all of them, round trip fares in Pullmans and coaches. And here is the order of the Tennessee

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*Commission, which incidentally is made a part of our petition, and it sets out specifically, in coaches, one-way, fifteen day limit, in parlor or sleeping cars, and so on. That is the order of the Tennessee Commission which we are asking this Commission to consider.

EXAMINER McGRATH: Perhaps we can clear that matter up further when Mr. Gaffney returns to the stand. I don't know as we can. Have you any further questions to ask of this witness?

MR. JOUROLMON: No, if it is on a matter that we are not interested in to start with, I don't care to ask anything further. I would like to ask him with reference to excess profit taxes, but as I understand it that is not in your department.

THE WITNESS: I am not qualified, I could only give you hearsay.

MR. JOUROLMON: He is not qualified for that, and so that is all.

EXAMINER McGRATH: That is all, sir.

(Witness excused.)

EXAMINER McGRATH: Is there anybody else that you want to question?

MR. JOUROLMON: I think that that—I would like to ask the CC&O representative.

MR. GWATHMEY: Is he here?

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*MR. CLARK: We haven't anybody from the CC&O.

MR. JOUROLMON: That is all.

EXAMINER McGRATH: We will take a brief recess.

(Short recess.)

MR. JOUROLMON: I wish to recall Mr. Peer.

H. A. PEER

having been previously sworn, testified further as follows:

DIRECT EXAMINATION

Q. (By Mr. Jourolmon) Mr. Peer, I have learned that your testimony was given under a misapprehension, and that you were discussing throughout your testimony, so far as the GM&O is concerned, the round trip fares, that adjustment.

A. The round trip coach fare, we didn't have any round trip intrastate first class fare.

Q. And you have no 1.65 coach fare in the State of Tennessee?

A. That is one-way.

Q. One-way coach fares in the State of Tennessee. You do have certain one-way 1.65 fares which are applicable interstate?

A. That is right.

Q. Between points, various points, but you do not have such in Tennessee?

A. Not in Tennessee.

MR. JOUROLMON: All right. I think that will clarify that.

MR. GWATHMEY: Mr. Examiner, I think this examination
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shows the danger in asking an accounting man about fares. *Mr. Peer has just stated that he has certain interstate 1.65 cents one-way fares. The testimony in this case is to the effect that all of the interstate fares, regardless of the railroad—

THE WITNESS: The interstate is 2.2.

MR. GWATHMEY: Well, now you don't know, do you, Mr. Peer?

THE WITNESS: No, I do not, I would not qualify on the rate. I said that to begin with.

MR. GWATHMEY: The record is that all of the interstate fares are now on the 2.2 basis, and that is a fact.

EXAMINER McGRATH: Do you have any information to the contrary?

THE WITNESS: No, sir, none whatever.

EXAMINER McGRATH: When you made that statement a while ago that some of your interstate fares were—

THE WITNESS: Intrastate is what I had in mind.

EXAMINER McGRATH:—on the 1.65 basis what did you have reference to?

THE WITNESS: I had the intrastate round trip on my mind.

MR. JOUROLMON: Mr. Examiner, I will make a statement here as to what misled him there. Mr. Duggan, the Publishing Agent, so advised us during the intermission, advised Mr. Peer and myself. That is correct, isn't it?

MR. DUGGAN: Originally they had 1.65 in effect, meeting the L&N rates. When the L&N raised their rates to 2.2, they

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*raised theirs to 2.2 interstate. He didn't have any intrastate in Tennessee.

MR. JOUROLMON: You did advise Mr. Peer that a few moments ago?

EXAMINER McGRATH: Mr. Duggan has not taken the witness stand yet, and this is not strictly speaking evidence.

MR. JOUROLMON: You were trying to find out where he got the information, and that is where he got it.

MR. GWATHMEY: Mr. Gaffney testified specifically with respect to all of the railroads operating in Tennessee that the interstate fares are now on the 2.2 cents basis. If that fact is questioned by anybody we will prove it again, but it is in the record now.

EXAMINER McGRATH: Do you dispute that?

MR. JOUROLMON: No, I simply take the information that is given me. When it is given me and the witness swears it, I take it and give it full face value. If it is incorrect, I don't want it in the record.

EXAMINER McGRATH: Do you want to ask this witness any further questions?

MR. JOUROLMON: No, that is all.

EXAMINER McGRATH: That is all, sir.

(Witness excused.)

EXAMINER McGRATH: Now then, we will have Mr. Gaffney back.

JOHN F. GAFFNEY

having been previously sworn, testified further as follows:

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*CROSS EXAMINATION (Resumed)

Q. (By Mr. Jourolmon) Mr. Gaffney, you have testified that during the past ten years the carriers, your carrier has expended a large amount of money air conditioning the passenger equipment.

A. A considerable portion of it, yes, sir.

Q. Now, I just asked you did you have Diesel engines. Do you have no Diesel engines whatever?

A. None.

Q. On the N. C. & St. L. Railway?

A. None, no, sir, that is passenger engines.

Q. Passenger?

A. I understood you were talking about passenger.

Q. Yes, sir. Do you know what proportion of that equipment which has been air conditioned is made available to intrastate passengers?

A. No, I do not.

Q. Is there some part of it which is not made available to intrastate passengers, but that is used solely for interstate passengers?

A. Of this air conditioned equipment that we have?

Q. Yes.

A. I don't know of any that is so set aside, Mr. Jourolmon.

Q. You don't know any part of it which is set aside strictly for interstate passengers at all?

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*A. Not strictly, because I don't know of any train but what we handle intrastate as well as interstate passengers on.

Q. Are there some of your trains on which practically 90 per cent of the service is interstate, rather than intrastate, as reflects Tennessee?

A. Ask me that question again.

EXAMINER McGRATH: The Reporter will read it.

(The question was read.)

Q. A. No, I am pretty certain not. I would have to investigate to see, but I am pretty certain—you mean 90 per cent interstate and 10 per cent intrastate?

Q. (By Mr. Jourolmon) That is it, exactly.

A. I don't know of any such.

Q. You don't have any trains at all in which 99 per cent of your passengers would be interstate and only 1 per cent intrastate?

A. I can't answer that. I don't know about that, I don't think that condition exists though, anywhere on the line, but I won't say positively.

Q. Turning to your Exhibit No. 2, this Exhibit purports to show how interstate passengers could possibly avoid paying interstate fares by working out a combination of an intrastate fare and a short haul interstate fare?

A. That is right.

Q. Is that right?

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*A. Yes.

Q. Now, your first illustration compares from Nashville, Tennessee, to Hickman, Kentucky, is that right?

A. That is correct.

Q. What train would it be possible for this to be practiced on?

A. You could take train No. 4, leaving Nashville at 8 o'clock in the morning, or train No. 6, leaving Nashville at 1:45 in the afternoon.

Q. Train No. 4 or train No. 6?

A. That is right.

Q. That train runs the reverse direction, train No. 4?

A. Train No. 4 is westbound.

Q. Train No. 4 is westbound?

A. That is right.

Q. And operates from Hickman to Nashville?

A. That's right—no, I beg your pardon, train No. 4 operates from Nashville to Hickman.

Q. No. 4?

A. That is right.

Q. Operates from Nashville to Hickman?

A. That is right.

Q. Leaves Nashville at 8 A.M.?

A. That is right.

Q. And gets to Bruceton at what time?

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*A. 11:00 A.M.

Q. Makes connection with train No. 104?

A. No, you are looking down to Memphis now. It makes connection with No. 4 on the Nashville Division, from Bruceton down to Hickman.

EXAMINER McGRATH: That is not going on the record, that conference.

Q. (By Mr. Jourolmon) Make that statement, will you?

A. Train No. 4 operates from Nashville to Bruceton, leaving Nashville at 8 o'clock in the morning and arriving at Bruceton at 11 o'clock in the morning. There you connect with train No. 4 of the Nashville Division that leaves Bruceton at 11:20 in the morning and arrives at Hickman at 2:30 in the afternoon.

Q. At what point have you suggested that the passenger could alight and purchase an interstate ticket?

A. Woodland Mills. He would not have to alight, he could buy a ticket from Nashville to Woodland Mills, and then pay the conductor from Woodland Mills into Hickman, Kentucky, and make that possible saving shown right there.

Q. Do you know of any case where this has been done?

A. No, I do not, I cannot point out a case, but we know it is general information that it is being done.

Q. Have you discussed with any conductor on train No. 4 this particular thing?

A. I have not, no, sir.

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*Q. Has any conductor on that train ever advised you—

A. Not me, no, he has not.

Q. In writing?

A. No.

Q. Did he advise your department in writing?

A. Not in writing, no sir, but we know that people in Tennessee have average intelligence, I might say, they know they can make that saving, and they would do it without any trouble. I would do it myself. Wouldn't you, if you were making that trip down there? If I were going from here to Hickman, Kentucky, I would certainly do that in order to save that amount of money.

Q. All right. Now, your second illustration is between Nashville and Memphis, is that right?

A. Yes. That second illustration is between Nashville, Tennessee, and Jackson, Mississippi, via Memphis.

Q. Between Nashville, Tennessee and Jackson, Mississippi?

A. That's right.

Q. By way of Memphis?

A. That is right.

Q. Will you point out what train that could be done on?

A. To Jackson, Mississippi that could be done on any train that we operate between Nashville and Memphis, which would mean train No. 2 leaving Nashville at 11 o'clock that night, or train

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No. 4 leaving Nashville at 8 o'clock in the morning * or No. 6 leaving Nashville at 1:45 in the afternoon.

Q. What connections are made by those various trains?

A. Well, they have a connection, each one of those trains has a connection that could be used, with the possible exception of train No. 4 leaving Nashville at 8 o'clock. Train No. 2 has a connection at Memphis, and also train No. 6 has a connection at Memphis for Jackson, Tennessee.

Q. There are two trains then that have connections?

A. Nice convenient connections.

Q. The other trains don't have such connections?

A. The other train, train No. 4, that is the train leaving Nashville at 8 o'clock in the morning, has no close connection. In other words, train No. 4, that makes the same connection as No. 6 leaving Nashville five hours and forty-five minutes later.

Q. Have you ever been advised by the conductors on those trains of this device being used?

A. The same answer applies as to between Nashville and Hickman, Kentucky.

Q. That is that you just don't know and you have not received any information of that sort?

A. The identically same answer as I put in from Nashville to Hickman, Kentucky.

Q. In this case there would be two different conductors involved, so no conductor would be in position to give you such advice, would he?

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A. Well, no I presume not. I will say that I have never had any advice from such a conductor, but the conductor going into Memphis perhaps might talk with the passenger and find out that is what he was doing. I have never had one to report that, but we know it is general knowledge, it is being done.

Q. Your illustration No. 3 is from Memphis, Tennessee to Murray, Kentucky. What Division is that on?

A. Both of those are on the P&M Division, Paducah and Memphis Division, from Memphis to Murray.

Q. What schedules could that be accomplished on?

A. That could be accomplished leaving Memphis on train No. 105 at 7:30 in the morning, and also on train 103 at 12:30 noon.

Q. Which of these is train 105?

A. Come over here (indicating).

Q. Have you ever had any information from the conductor on that train? Is that one through train?

A. That is a through train there, yes.

Q. Have you ever had any information with reference to that?

A. No, what I mean is from Memphis—no, that is not a

through train. In other words, you change at Bruceton the same as in the other direction, on both 105 and 103. Still a passenger would purchase a through ticket.

Q. From Nashville?

A. From Memphis to —

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*Q. To Puryear?

A. Puryear, Tennessee, yes, and then pay the conductor the fare from there to Murray, and effect that saving.

Q. Are the tickets purchased from the conductor at a higher rate?

A. No, not at the present time, no, sir.

Q. You have no information of any time in which this has taken place?

A. The same answer as to No. 1, Nashville to Hickman, Kentucky.

Q. With reference to the illustration from Memphis to Guthrie, Kentucky, is that on the same Division?

A. No, sir, that is on the L&N Railroad.

Q. Is your railroad involved in that?

A. No, I just show that as an example. Our railroad is not involved in that.

Q. I take it you have no information at all with reference to any conductors on the L&N having made any reports?

A. No, sir, I have not.

MR. GWATHMEY: Mr. Examiner, this Exhibit shows on its face in the caption it sets out examples of possible reductions of interstate coach fares, et cetera. Now, can't it be understood in order to save some time here that except for giving of the reference to train schedules, Mr. Gaffney's answer as to each one of the other illustrations shown on this Exhibit would be the same as

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his answer in connection with *No. 1 illustration, that is Nashville to Hickman.

EXAMINER McGRATH: Would that satisfy your purposes?

Mr. JOURLON: I don't know what I will find. Off the record.

(Discussion had off the record.)

EXAMINER McGRATH: Proceed.

Q. (By Mr. Jourlmon) What carrier is involved between Mitchellville, Tennessee and Athens, Alabama?

A. The L&N Railroad.

Q. Are you familiar with any schedule on which this could be done?

A. No, I am not, but if you want me to I can get you some cases in which it could be done. I have got an official guide of the L&N, and I can get you some where it could be done.

Q. Are there any connections involved in that particular example?

A. Yes, connections at Nashville, Tennessee.

Q. From Mitchellville into Nashville?

A. Yes.

Q. Then on to Prospect?

A. Yes.

Q. On to Athens, Alabama?

A. Yes, that is right.

Q. Is the train from Nashville, Tennessee to Athens, via Prospect a through train?

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*A. The through train from Nashville to Athens?

Q. To Athens?

A. Alabama, by Prospect, a through train?

Q. Yes.

A. Yes, sir.

Q. So there again would it involve a man buying a ticket in Nashville?

A. No, not Nashville, he would buy at Mitchellville.

Q. Or in Mitchellville?

A. Yes.

Q. Through to Prospect, and then going to the conductor for the rest?

A. The conductor would just come along and collect his fare from Prospect into Athens, Alabama, and issue a cash fare receipt for it.

Q. Wouldn't your conductor know that was a violation?

A. He would not, he would not. In other words, our conductor when the first comes through—in fact, you have two conductors involved. You have a conductor on the Louisville Division into Nashville and a conductor from Nashville down to Birmingham, Alabama. Even though it was one through conductor, he would not know. If it was a through conductor, he wouldn't know, for when he checks the man he gets his transportation, then when he comes through again to check he finds out he has to pay his fare.

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*Q. He would have to assume that the man had gotten on at the last station?

A. Naturally he would.

Q. Your next example, No. 6, involves what railroad?

A. That is the Southern Railway.

Q. That is from Chattanooga, Tennessee, to Asheville?

A. To Asheville.

Q. What trains stop at Wolf Creek?

A. Now, you have a Southern Railway passenger representative here and he can answer that. We just show the various examples. Mr. Ed. Aiken, Assistant Traffic Passenger man for the Southern Railway, is here.

MR. GWATHMEY: He will be our next witness.

Q. (By Mr. Jourolmon.) I take it that you know of no cases in which this has happened on the Southern Railway?

A. No, Mr. Aiken will probably know.

Q. What carrier is involved in your example No. 7 from Johnson City, Tennessee, to Dalton, Georgia?

A. The Southern Railway and N. C. & St. L.

Q. That is the Southern Railway from Johnson City to Chat-

tanooga, at which there is a transfer to the train from Chattanooga to Dalton on the N. C. & St. L.?

A. That is right.

Q. Are you familiar with any connections on that in which this could be done?

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*A. I am sure it can be done. You would have to get an official guide to show that, because there are two railroads involved. A connection is possible with all of the trains that run over the Southern from Johnson City down to Chattanooga, and the N. C. & St. L. to Dalton.

Q. Your answer is the same with reference to that?

A. That is right, the same as No. 1.

Q. Your example No. 8 is from Oneida, Tennessee, to Valley Head, Alabama. What carriers are involved?

A. Southern Railway.

Q. That is the C. N. O. & T. P. from Oneida?

A. That is right.

Q. Down to Chattanooga?

A. Yes, sir.

Q. You have no information about that, I take it?

A. No, sir.

Q. Do you know of any connections there?

A. From Oneida?

Q. To Chattanooga?

A. As I say I can verify that, but I am sure they have connections but in order to give you the exact connections I would have to have an official guide.

Q. Where is Valley Head?

A. That is on the Southern Railway.

Q. The Southern Railway to Birmingham?

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*A. It is on the Southern Railway just out of Chattanooga en route to Birmingham, I think.

Q. What carriers are involved between Nashville, Tennessee, and Roanoke, Virginia?

A. N. C. & St. L. to Chattanooga, Southern to Bristol, Norfolk and Western to Roanoke.

Q. What carriers are involved in your example No. 10?

A. From Johnson City, Tennessee, to Franklin, Kentucky, it would be the Southern Railway to Chattanooga, N. C. & St. L. to Nashville and L. & N.

Q. The Tennessee Central?

A. Tennessee Central, either one, yes.

Q. (By Mr. Hendley) Mr. Gaffney, on your example No. 7, you show Johnson City to Dalton \$5.02. Have you just taken the mileage and multiplied it out, or is that the actual fare as published?

A. That is the actual fare as published.

Q. Do you operate air conditioned cars on your line between Bruceton and Paducah?

A. No, sir, we do not.

Q. Do you operate air conditioned cars on your line between Bruceton and Hickman?

A. We do not. We certainly would be delighted to be able to do so if we had the patronage down there to pay us to do that,

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and were it possible now to get air conditioned *equipment.

MR. HENDLEY: That is all.

EXAMINER McGRATH: Are there any further questions on cross examination?

MR. MILLER: Yes, I have a few, please.

Q. (By Mr. Miller) Mr. Gaffney, you referred to certain lower fares maintained by certain carriers in 1932 and 1933 as experimental fares to attract additional traffic, travel to the railroads in competition with other forms of transportation, particularly with private automobiles and buses. I assume by that, do I, that you were experimenting to see whether these lower fares would produce a greater total revenue for the railroads?

A. We were really desperate, we thought we were going out of business, and we were just like a dying man grasping at a

straw. We tried to put in a fare to attract them from other modes of travel.

Q. Your purpose was to secure greater total revenues, was that it?

A. That was the purpose, yes, to keep from going out of business.

Q. On December 1, 1933, the carriers in the Southern Region, except the Illinois Central, Mobile & Ohio, and the Frisco, put this 1.5 cent fare in effect. I assume by that that the experiment

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was something of a success and would produce *a greater total revenues?

A. Let's see, what other period? What period are you talking about, in the first place? What page is that on?

Q. The first question referred to the testimony that you gave relative to the 1932-33 period. You called that the experimental period. My question was as to whether that experiment was for the purpose of determining that the lower fare would produce greater total revenues by attracting this traffic?

A. You are talking now as to the period of April 1, 1933, to November 30, 1933. They were put in by just a few lines in Tennessee.

Q. It was for the purpose of attracting traffic, to see whether your total revenue would increase, is that right?

A. Naturally we hoped so. We hoped it would increase to such an extent that the revenues would increase.

Q. On December 1, 1933, you put them into effect until 1937. By that do I assume this experiment was something of a success?

A. No, it was not a success. We hoped it would be a success, and we continued them on to see if they would attract the travel, but it didn't do it to the extent that it would pay.

Q. Then in 1937 you increased the fare to 2 cents a mile until January 14, 1939. After the later date you reduced it again to 1.5 cents a mile. Why did you do that?

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A. We were still casting about to see if we could strike a level of fare to attract the travel.

Q. Which fare produced the greatest total revenue, the 2 cent fare or the 1.5 cent fare, the greatest total revenues?

A. I can't answer you that. If you want our earnings during those years I can give you those. That will perhaps answer the question.

Q. Well, then, in 1937 and 1939 you were still experimenting, is that correct?

A. From November, 1937, to January, 1939, we had the 3 cents per mile in parlor cars and 2 cents in coaches.

Q. Why did you increase it in 1937?

A. Why did we increase it in 1937?

Q. Yes.

A. We found out that the lower fare was not producing what we thought it would.

Q. Why did you lower it again in 1939?

A. Still for the same reason, that it didn't produce like it should.

Q. Well, you mean the 2 cent fare didn't produce, is that right?

A. One minute here.

Q. You had a 2 cent fare in from November 15, 1937, to January 14, 1939. Why did you lower it to 1.5 cents?

A. I can't recall, frankly. We have had so many experiments that I cannot recall why that was done.

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*Q. You testified this morning that on July 14, 1942, the Southern Passenger Association filed a petition with the Commission for authority to increase their interstate fares. Was a copy of that petition sent to the Price Administrator?

MR. GWATHMEY: Mr. Examiner, I am confident that this particular witness is not familiar with the facts. I was Counsel who filed that petition and I will be very glad to answer the question if Counsel wishes me to do so.

MR. MILLER: I would just as soon have it come from Mr. Gwathmey, if it is all right with the Examiner.

EXAMINER McGRATH: All right.

MR. GWATHMEY: The petition was filed in Docket 26550, Passenger Fares and Surcharges, 214 ICC 174, and it asked that the outstanding order in that proceeding be modified to the extent necessary to enable the carriers to file tariffs publishing the increase. That petition was served upon all parties to Docket No. 26550 as required by the rules. A copy was not officially served upon the Office of Price Administration but upon request by a letter from the Price Administrator he was furnished with a copy.

MR. MILLER: Do you know what the date of that was?

MR. GWATHMEY: I can't recall at the moment.

Q. (By Mr. Miller) This morning you referred to the Commission's decision of February 28, 1936, in Passenger Fares and Surcharges, in which they found the 2 cents fare lawful with

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*respect to the country generally. Has there been a change of conditions with respect to the passenger revenues since that decision?

A. What date was that?

Q. February 28, 1936.

A. Change in condition of passenger revenues? Quite a change.

Q. This morning you testified that during the month of August, 1943, there were operated 160 troop trains of the N. C. & St. L. Railway. Can you give me the number of those troop trains which were operated intrastate, in intrastate commerce?

A. I cannot, no, sir. I can get the record for you though, and give it to you right here.

MR. BARHAM: No you can't.

THE WITNESS: I beg your pardon?

MR. AIKEN: It would be a military secret.

MR. MILLER: Wouldn't it be a military secret in respect to the 160?

MR. GWATHMEY: One minute.

EXAMINER McGRATH: Off the record.

(Discussion had off the record.)

Q. (By Mr. Miller) Mr. Gaffney, do you know of any person that is being hurt or injured in any way whatsoever because the Tennessee intrastate fare is maintained at its present level?

A. Any person?

Q. Yes.

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*A. I know several railroad companies that are being very much hurt by it.

Q. Do you know of any other persons being hurt?

A. I don't know. The accounting witness showed you a record of how badly the carriers in Tennessee—and certainly they need this money, I believe, more than a lot of other carriers where they have this fare in effect.

Q. The railroads are the only persons you know of that are being hurt, is that right?

A. A lot of stockholders of railroads. They are individuals, they are badly hurt.

Q. Do you know anybody besides the railroads and their stockholders that are being hurt?

A. Yes, the public itself.

Q. All right, who in the public is being hurt and how?

A. The interstate passengers, there is discrimination, I think, against them, when they have to pay the high fare and the intrastate passenger pays a lower fare, riding the same time in the same train.

Q. How are they being hurt?

A. I think it is very unfair to them that they should be charged a higher fare for practically the same mileage, where an intrastate passenger is not.

Q. The only way they are being hurt is that interstate pas-

sengers pay one fare, and intrastate passengers the other fare, is

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*that the only way you know that they are being hurt?

A. It is unfair to them, isn't it, I will say that.

Q. Just the mere fact that they are paying different fares?

A. I don't know, there may be other ways that I cannot think of right now. I don't know of anything else.

Q. Do you know of any localities being hurt or injured in any way?

A. I can't say right now, no, I can't say that I do.

MR. MILLER: That is all.

EXAMINER McGRATH: Are there any further questions on cross examination?

MR. JOURQLMON: Mr. Examiner, I think that parties and the Interstate Commerce Commission are entitled to know this matter with reference to troop movement. By that I don't mean that I think that we are entitled to know details. I don't believe that it is military information as to what proportion of this movement is intrastate and what proportion is interstate. The carriers prepared "canned" testimony and brought it in here in which they stated, after it had been checked carefully, I assume, by their attorneys, or certainly should have been checked by them, that a certain number of trains had moved in troop movement in August, and that a certain number had moved in September. In addition to that they brought in here other facts with reference to these troop trains which will be shown in the record, at those same points.

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*The carriers have now refused to give any information as to whether this is an intrastate movement or whether it is an interstate movement. I wish to request a ruling from the Interstate Commerce Commission requiring them to give that information for the record in this case. I don't want any details which could be of any use whatever to the enemy, but there is no man in Germany that doesn't know that troop trains are moving in the

United States from point to point, and that large numbers of them are moving.

Now, the proportions of them that are moving from a point in Tennessee to another point in Tennessee, as compared with those that are moving into Tennessee from outside of Tennessee, or crossing the State, cannot be a military secret, the mere matter of proportions, and that is all that we have asked for.

EXAMINER McGRATH: Let me ask Respondents if they make any point on those military movements as bearing upon the issues here in respect of the petition, alleging violation of Section 13(4) in respect to Tennessee intrastate fares other than to indicate the additional expense to which they are being subjected, whether interstate or intrastate. It might be all interstate, and have the same bearing.

MR. GWATHMEY: I tried to make that very clear this morning, that our purpose in making this reference to military movement was merely to show that the railroads are being subjected to

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a good deal of extra expense in connection with *interstate as well as intrastate, and as bearing upon the question of the reasonableness of the interstate fares, as well as on the question as to what the reasonable intrastate fare is.

When it comes to undertaking to segregate those movements as between interstate and intrastate I submit that has nothing to do with the case.

MR. MILLER: Mr. Examiner, I think that it has an important bearing to this effect, the carriers are contending that these troop movements burden them with expense. If these movements are interstate commerce, then it is the burden of interstate commerce and not the burden of intrastate commerce that these troop movements are imposing. And the allegation is here that the intrastate fares are the burden upon interstate commerce, and we simply want to find out whether it is the intrastate commerce that is the burden or the interstate commerce that is the burden.

EXAMINER McGRATH: Let me ask Respondents if they are willing to supply that information?

MR. GWATHMEY: No, sir, we are not.

EXAMINER McGRATH: Under the circumstances, the Examiner does not think the matter is of sufficient importance for him to request the Respondents to submit the information. You can appeal from that ruling if you wish to the Commission direct.

MR. MILLER: I would like to move then that no consideration be given to this evidence by Respondents with respect to the added expenses due to troop movements.

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*EXAMINER McGRATH: Well, that motion is denied.

MR. JOUROLMON: Off the record.

(Discussion was had off the record.)

EXAMINER McGRATH: Have you any further questions?

MR. JOUROLMON: No further questions.

REDIRECT EXAMINATION

Q. (By Mr. Gwathmey) Mr. Gaffney, this morning Mr. Jourolmon asked you whether the Tennessee Commission had any knowledge of the action of the Interstate Commerce Commission when in Ex Parte 148 it authorized the interstate fare to be increased to 2.2 cents per mile. Do you or not have knowledge of the fact that Commissioner Jourolmon of the Tennessee Commission was a member of the special committee of State Commissioners which, under the cooperative plan, sat with the Interstate Commerce Commission throughout the hearings in Ex Parte 148, both the original hearing and reopened proceeding?

A. It is my understanding he was, yes, sir.

RECROSS EXAMINATION

Q. (By Mr. Jourolmon) Mr. Gaffney, do you have any knowledge of the fact that the Interstate Commerce Commission acted on this petition to increase the rate to 2.2 wholly ignoring the cooperating panel of State Commissioners, so that no member of the state panel was called in on that?

A. I have no knowledge of that, no, sir.

Q. Do you have any knowledge that I myself had any infor-

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nation *with reference to that particular action?

A. I have not. The only thing I know about is press dispatches, to the effect that you sat in on that hearing.

Q. That is right, I sat in on 148 and 148 reopened, but you don't know that I sat in as a cooperating Commissioner with reference to the specific issue involved here, which is the 2.2 cents fare in the south?

A. That is right.

Q. As a matter of fact now, Mr. Gaffney, don't you know this, that the petition of the carriers to increase these fares to 2.2 was originally a separate docket of the Commission, bearing a separate docket number from Ex Parte 148?

MR. GWATHMEY: I made a statement on that point awhile ago in answer to Mr. Miller.

Q. (By Mr. Jourolmon) Don't you know further that the Commission of its own motion, without consulting with the cooperating Commissioners or anybody else, simply embodied that into Ex Parte 148, and there was no opportunity to be informed on it?

A. I do not know that.

EXAMINER McGRATH: Wasn't the Commission's order in Ex Parte 148 in fact served on all of the State Commissions?

MR. JOUROLMON: Yes, 148 was, but not this two twenty.

MR. MILLER: I can perhaps explain that.

EXAMINER McGRATH: As I understand it, by the Commission's order entered January 21, 1942, in Ex Parte 148, the

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Commission *originally approved a proposed uniform increase of 10 per cent in all passenger fares.

MR. JOUROLMON: Correct.

EXAMINER McGRATH: That approval was given pursuant to the order of investigation which it entered in Ex Parte 148?

MR. JOUROLMON: That is correct.

EXAMINER McGRATH: And after hearing?

MR. JOUROLMON: That is correct.

MR. MILLER: That was when the rate was increased to 1.65.

EXAMINER McGRATH: Oh, I see.

MR. JOUROLMON: And I participated, let the record show that I participated in that, and that the cooperating State Commissioners by a majority vote, myself and two others dissenting, recommended that that 10 per cent increase be granted.

EXAMINER McGRATH: What was the Southern Carriers petition of July 14, 1942, was that the one you say was not served on you?

MR. JOUROLMON: That is right. So far as I know we have never received that petition.

MR. GWATHMEY: Mr. Examiner, may I say that this matter you are discussing now is one of the things covered pretty fully in the petition filed by the OPA and the answer which the railroads filed to that petition which I asked this morning to have made a part of the record by reference and to which Counsel

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agreed. If you will read that petition and answer you will get all of the facts in this connection except of course as to what may have gone on between the Interstate Commerce Commission and Mr. Jourolmon, I don't know about that.

MR. JOUROLMON: Off the record.

(Discussion was had off the record.)

EXAMINER McGRATH: Have you finished?

MR. JOUROLMON: Yes, sir.

Q. (By Examiner McGrath) I want to ask you these few questions, Mr. Gaffney, because it is not quite clear to me yet what specifically is in issue here with respect to the fares in parlor or sleeping cars. Now, let's take first the one-way fare which is in issue. What has been done, if anything, with respect to that fare by the Tennessee Commission, that you are complaining of here?

A. The Tennessee Commission has denied the increase. . . .

Q. That increase was from 3 to 3.3 cents per mile, was it?

A. That is your one-way fare.

Q. I am talking about the one-way fare in parlor or sleeping cars.

A. Just the coaches are involved in the one-way fare.

Q. I want to know about the fare in parlor or sleeping cars, one-way fare, is there such a thing as that, intrastate parlor or sleeping car fare in Tennessee?

A. Round trip, yes.

Q. There is no one-way?

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*A. There is a one-way fare at 3.3.

Q. As to that the Tennessee Commission has authorized the Respondents to increase, to make the increase corresponding to the interstate increase, isn't that right, in the one-way parlor car, parlor or sleeping car fare? That point is not clear at all.

A. No. Mr. Examiner, as I said this morning, I am not a rate man. I have a rate man here that I would like for you to question on any of those points you wish.

MR. GWATHMEY: Mr. Examiner, I will be glad to answer the question for you if you want me to.

EXAMINER McGRATH: We ought to have somebody here that is qualified to answer that as a witness.

MR. GWATHMEY: Very well. We have got two or three.

THE WITNESS: Chairman Duggan can answer it.

MR. GWATHMEY: All right.

EXAMINER McGRATH: I will say your position is not entirely clear on that either. It discusses principally the coach fares up to a certain point, and then goes into the round trip parlor car fares.

THE WITNESS: Mr. Examiner, I would want to put Mr. Bowman on the stand, our chief rate clerk.

EXAMINER McGRATH: There are a couple of more questions that you are perhaps qualified to answer. Can you answer

this question: With respect to the data shown by Mr. Tassin in
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his *Exhibit No. 6, statement No. 1, as to the revenues, are the loss of intrastate revenue by the NC&StL for those three periods, can you answer this question, whether it could be reasonably expected that the increase in the fares sought by the Respondents would have produced or would be likely to produce this increased revenue, if they were charged?

THE WITNESS: More than likely.

Q. (By Examiner McGrath) What is your answer to that?

A. Yes.

Q. What do you base that answer on?

A. In other words, Mr. Examiner, if the people travel, that little difference will not keep them from traveling on our trains. We know had that number of people traveled, with that higher fare, we would have had that much.

Q. It would not have diverted them to other means of transportation?

A. No, because other means of transportation are crowded to the very guards, just like we are in some cases.

Q. Can the same information be supplied with respect to the other carriers through some qualified witness?

A. Mr. Aiken of the Southern Railway is here.

MR. GWATHMEY: We haven't got a passenger traffic man from each of the railroads here. Mr. Aiken, the passenger man for the Southern Railway will be the next witness. I don't think

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there are any other representatives of the passenger departments of the Tennessee Railroad present.

EXAMINER McGRATH: Not for the Louisville & Nashville?

MR. GWATHMEY: No, sir.

MR. MILLER: There is for the Southern.

MR. GWATHMEY: I have already stated that.

Q. (By Examiner McGrath) There is one other question in that connection I wanted to ask you, and that is this, do those figures set forth on page 3 of Exhibit 6, statement No. 1, include

any allowance for loss of revenue due to diversion of passengers from interstate to intrastate routes?

A. I don't know.

Q. Or the payment of fares over intrastate routes plus the interstate rate beyond?

A. I can't answer that.

Q. Such as you illustrated in your Exhibit No. 2? You can't answer that?

A. No, I can't say.

EXAMINER McGRATH: Perhaps Mr. Tassin can fix that.

MR. GWATHMEY: Mr. Examiner, I was unable to follow your question because there was so much noise. Did you ask me a question?

EXAMINER McGRATH: No, I asked this gentleman a question.

THE WITNESS: About Mr. Tassin's figures. I would rather Mr. Tassin would answer.

MR. MILLER: May I ask one question in continuation of what you asked the witness?
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EXAMINER McGRATH: Yes.

MR. MILLER: Is the fact that there will be no diversion of traffic because of the increased intrastate fares due at least partly to the present war conditions?

THE WITNESS: Ask that question again.

EXAMINER McGRATH: He will read it for you.

(The question was read.)

THE WITNESS: I can't say. There will be some diversion naturally, but not enough to affect it very much.

MR. MILLER: I thought you just testified there would be no diversion.

THE WITNESS: Sir?

MR. MILLER: I thought you just testified there would be no diversion.

THE WITNESS: Practically no diversion, I said.

MR. MILLER: Is that due to the present war conditions?

THE WITNESS: It is due to the fact that people have sufficient funds with which to ride the better accommodations, and naturally they will ride the railroads.

MR. MILLER: That is due to the war?

THE WITNESS: Not necessarily due to the war.

MR. MILLER: I will not pursue it any further.

EXAMINER McGRATH: Are there any further questions of this witness? You may be excused.

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*(Witness excused.)

EXAMINER McGRATH: Is Mr. Tassin here?

J. S. TASSIN

having been previously sworn, testified further as follows:

DIRECT EXAMINATION

Q. (By Examiner McGrath) Mr. Tassin, witness Gaffney testified at some length with respect to the possibility of breaking down interstate fares by purchasing a combination of intrastate fares at the lower fare in effect, intrastate rate in Tennessee, plus the interstate fare beyond, and indicated that there would be a resulting loss in revenue to the carriers from that. He also testified that these differences in fares would be likely to bring about a diversion of passengers from interstate routes to intrastate routes to some extent. I want to ask you with respect to that Exhibit, statement No. 1, your Exhibit No. 6, whether the figures of loss in intrastate revenue stated there or shown therein include any amounts for that loss of revenue that I have just described, resulting from diversion from interstate to intrastate routes, and the impairment of interstate fares by purchase of combination of fares?

A. Automatically, a man traveling on two tickets, one interstate—

Q. That is not my question now. My question is whether these figures include any estimated loss for that, on that account?

A. No separate estimate on that account.

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*Q. No separate estimate, no, do they include that loss in any amount?

A. Wherever such a condition occurred, yes.

EXAMINER McGRATH: That is all I have.

CROSS EXAMINATION

Q. (By Mr. Jourolmon) You say wherever that loss occurred they did include them?

A. Yes.

Q. Where did you get your information as to where such losses occurred?

A. Because these figures are computed on the basis of tickets moving intrastate, and how much additional would have been received by the railroads had it been on the interstate basis.

Q. What was the source of your information as to how many of them violated—how many violations occurred?

A. We don't know that there were any violations. We simply know these figures are computed on the basis of tickets, and where you have two tickets, we have used the intrastate tickets here as the basis of these losses, irrespective of who turned that ticket in. We don't know who turned the ticket in.

Q. In other words, it would be included?

A. Automatically.

Q. Automatically in that figure?

A. Yes.

EXAMINER McGRATH: Yes, that is clear. Are there any

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*further questions of this witness?

MR. GWATHMEY: No.

EXAMINER McGRATH: The hearing will be recessed until 9:30 o'clock A.M. tomorrow.

(At 4:30 o'clock, P.M., on Thursday, December 2, 1943, a recess was taken until 9:30 o'clock, A.M., on Friday, December 3, 1943.)

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*Andrew Jackson Hotel
Nashville, Tennessee
Friday, December 3, 1943

Met pursuant to adjournment at 9:30 a.m.

BEFORE: J. P. McGRATH, Examiner.

APPEARANCES: (As heretofore noted.)

PROCEEDINGS

EXAMINER McGRATH: The hearing will be resumed.

MR. CLARK: Mr. Aiken, will you take the stand, please?

E. N. AIKEN, being first duly sworn, testified as follows:

DIRECT EXAMINATION

Q. (By Mr. Clark) Will you give your name and city of your residence, and what railroad connection you have, please?

A. E. N. Aiken, Atlanta, Georgia, assistant passenger traffic manager, Southern Railway System Lines.

Q. How long have you held that position?

A. For about fifteen years.

Q. Prior to that time has your business career been with railroads, and in passenger departments?

A. Yes, sir.

Q. At least for thirty years?

A. I took service with the Southern Railway System August 1, 1902, and prior to that I was with the New York Central Rail-

*road for several years.

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Q. That is enough.

A. All of it has been in passenger traffic service.

Q. Have you had at my request prepared an exhibit in which you have shown opportunities to defeat the through interstate rates by using the intrastate rate in Tennessee?

A. Yes, sir.

MR. CLARK: I have before me, Mr. Examiner, a two-page exhibit which I will distribute and ask that it be marked Exhibit No. 7.

(Exhibit No. 7, Witness Aiken, marked for identification.)

Q. (By Mr. Clark) Was that exhibit prepared under your direction?

A. Yes, sir.

Q. Is it true and correct?

A. To the best of my knowledge, yes sir.

Q. It might be well to describe at least one of the examples to show how it works; select one of them, please, and describe it.

A. With the present differences between the intrastate and the interstate fares, it is possible to defeat the published interstate fare to, and from points in Tennessee, by purchasing an intrastate ticket for a part of the trip.

Looking at example No. 7, or item No. 7 of the exhibit, the published interstate one-way coach fare from Johnson City to

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*Birmingham is shown as \$7.89. It is possible to purchase a one-way coach ticket from Johnson City, Tennessee, to Chattanooga at the intrastate fare of \$3.65 on the basis of 1.65 cents per mile, and re-purchase or pay cash fare on the train from Chattanooga to Birmingham at the interstate fare of \$3.19 on the basis of 2.2

cents per mile, or a total expenditure of \$6.84, thus defeating the through published interstate fare by \$1.05.

Q. Now, are the other examples on the exhibit similar so that they can be readily understood from that explanation?

A. Yes, sir; they are self-explanatory. And, incidentally, these are just given as illustrative and they could be multiplied many, many, many times.

Q. Let's take one in the reverse direction. This is not on your exhibit, but let's take a passenger from Birmingham, Alabama, to Bristol, Tennessee. There is an opportunity where your traveler would buy to Chattanooga, Tennessee, and that would be an interstate movement?

A. Yes.

Q. He would leave the train there and continue his journey, and from Chattanooga to Bristol he would buy at the Tennessee rate—that would be open to him?

A. Yes, sir.

Q. He could do that?

A. Yes, sir.

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*Q. In a case like that, there would be two different conductors, there would be two different movements, there would be no way that you could catch it, but still the total effect would be that you are defeating the interstate rate from Birmingham to Bristol, Tennessee?

A. That is correct, sir.

Q. Now, did you, at my request, prepare another exhibit comparing the interstate and intrastate movements—that is to say,

between points of comparable mileage, and showing the rate for one versus the rate for the other?

A. Yes, I have.

Q. Is that a one-page exhibit which I now hand you marked Exhibit No. 8?

A. Yes, that is right.

(Exhibit No. 8, Witness Aiken, marked for identification.)

Q. Is that true and correct to the best of your knowledge and belief, sir?

A. It is.

Q. Give us one example off of that exhibit, please, and make it illustrative.

A. Yes, sir. Refer please to item No. 1. The distance from Chattanooga to Macon, Georgia, Mr. Examiner, an interstate trip, is 240 miles, and the fare is \$4.95. The distance from Chattanooga, Tennessee, to Bristol, Tennessee, an intrastate trip, the

*[195]

distance is 242 miles, or two miles greater, and the *fare is \$4.00, showing a difference of 95 cents.

Q. Is that Item 1 you are talking about?

A. Yes, sir.

Q. It shows on the face of the exhibit?

A. Yes, sir.

Q. There you have selected those origins and destinations because one is 240 miles and the other is 242 miles?

A. Correct.

Q. And are therefore nearly the same?

A. Yes, sir.

Q. I appreciate, Mr. Aiken, and I don't expect you to know the names of a single passenger that might have traveled between any one of the origins and destinations shown on Exhibit No. 8, but I will ask you whether or not from your familiarity with passenger conditions generally in Southern Territory, whether you would say there are passengers who from time to time travel between these origins and destinations?

A. Oh, yes.

MR. MILLER: I would like to object to that question unless the witness is able to state that he knows of these evasions from his own personal observation.

EXAMINER McGRATH: These are not evasions, Mr. Miller.

MR. MILLER: Well, if he knows of these instances, I will call them, of his own personal knowledge. In other words, I object
*[196]
to the question as not being sufficiently qualified to exclude hearsay.

MR. CLARK: That may go to the weight, but not to the admissibility.

MR. MILLER: I have always understood hearsay evidence was not admissible.

EXAMINER McGRATH: Give us the basis of your answer to that question, Mr. Aiken.

MR. CLARK: Mr. Examiner, you will recall I started out in order to avoid that objection.

Q. (By Mr. Clark). Now, will you go over it again, at a little more length, how it is you happen to know there are people traveling generally in Southern Territory?

A. As I stated, my experience—

EXAMINER McGRATH: Well, from and to these points, isn't that the question?

MR. CLARK: These are in Southern Territory.

EXAMINER McGRATH: As illustrative?

MR. CLARK: Yes, sir.

Q. (By Mr. Clark) Let's see, Mr. Aiken, how long have you been assistant passenger traffic manager?

A. About—

Q. Fifteen years?

A. Just about that.

Q. And your office and headquarters are in Atlanta, Georgia?

A. Correct, sir.

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*Q. That is not quite—or a little better than halfway between Chattanooga and Macon?

A. A little better, yes sir.

Q. Have you had occasion in these fifteen years to travel to Chattanooga?

A. Yes, sir.

Q. How about going to Macon?

A. Yes, sir.

Q. Did you find persons traveling on the train?

A. Yes, sir.

Q. Does the Southern Railway run a number of trains between Chattanooga and Atlanta?

A. Yes, sir.

Q. How about between Atlanta and Macon?

A. The same thing.

Q. Are those trains run light, with no passengers?

A. At the present time they are running very heavy.

Q. Would you like to have more cars to put on those trains?

A. Very much.

Q. As a result of that would you say it is a fair and reasonable conclusion that passengers are still traveling between Chattanooga and Macon?

A. Yes, sir.

Q. Would similar questions about between Chattanooga and Bristol and the other points be answered similarly?

*[198]

*A. It would be so, yes sir.

MR. CLARK: I think that is sufficient.

EXAMINER McGRATH: The objection is overruled.

Q. (By Mr. Clark) Now, Mr. Aiken, turn back, please, to your Exhibit No. 7. This is where you show the opportunities to defeat the through rate. Now, I want to ask you again, based on your experience and on your own travel and the disposition of travelers in such situations, would you tell us whether or not persons traveling do avail themselves of the opportunity to cut through interstate fare?

MR. MILLER: May it be understood, I have an objection, continuing objection to this line of testimony?

EXAMINER McGRATH: No, you had better renew your objection.

MR. MILLER: I object then to the question.

EXAMINER McGRATH: Answer the question.

Q. (By Mr. Clark) Go ahead, Mr. Aiken.

A. My experience dates over a great many years, as I have just testified, as to my experience. I have occupied almost every position in the passenger traffic department from traveling passenger agent, clerk, and so forth, and there is no question but what the traveling public will and does take advantage of all of the opportunities to save money. If the tradition in East Tennessee is as true today as it used to be, I think it is very prevalent that over there they will try to save money. It has been stated

*[198]

that they can beat the Scotch over in East Tennessee.

MR. JOUROLMON: Are you talking about my section of the state?

THE WITNESS: A very fine section, too, but I don't believe there is any reason why the public would not take advantage of it when it is there in front of them, particularly when they can go to these larger distributing centers such as Chattanooga. Take one of the examples I gave you—from Johnson City, the train service is such that it is a very simple thing for a man to buy to Chattanooga. He can get off, spend twenty or twenty-five minutes and buy a new ticket or stay on the train, occupying the same seat that he occupied into Chattanooga and pay the conductor the same total fare, because there are no penalty charges on our coach fare collections.

Q. (By Mr. Clark) From your experience in dealing with the traveling public, would you say there is a ready disposition on the part of such travelers to avail themselves of such opportunities?

MR. JOUROLMON: I object to that question.

MR. CLARK: On what grounds?

MR. JOUROLMON: I object to that question on the ground that it is a deliberate slight on human nature, and not only that, but the members of the Commission have as much knowledge of human nature as this witness or any other witness around here.

*[199]

You are simply asking him to impugn the essential *goodness—

EXAMINER McGRATH: Are you willing to stipulate that?

MR. JOUROLMON: No. I am perfectly willing to stipulate that the members of the Commission know human nature, yes.

MR. CLARK: I am putting it considerably beyond the knowledge of human nature. This is one of the peculiarities of human nature that goes to travelers on passenger trains.

MR. MILLER: I would like to point out this line of testimony is based on the presumption they will violate the law.

MR. CLARK: We haven't said anything about violating the law, we haven't imputed anything wrong to any citizen of Tennessee, or in any state.

MR. JOUROLMON: I may just point out this fact, that if a passenger is traveling interstate, he is under legal obligation to pay the interstate fare. It may not be possible for the railroads to enforce it, I don't know, but nevertheless you are imputing a violation of a law by the person who does it.

MR. CLARK: If it is an imputation, let it impute, that is all I have got to say. I am proving the fact now.

MR. JOUROLMON: There is an objection here, Mr. Examiner.

MR. CLARK: Pardon me.

EXAMINER McGRATH: The objection is overruled.

Q. (By Mr. Clark) Now, Mr. Aiken, in respect of the question that arose here yesterday afternoon as to a proper understanding of the order of the Commission of Tennessee, I want to

*[201]

bring you back to that. We told the Examiner that we would clear that up. There was a little misunderstanding; you will remember. So now let me ask you please tell us what the tariffs that were filed with the Tennessee Commission undertook to do, what change in the passenger rate was undertaken. You understand we don't have to file a petition with the Commission, we file our tariffs, but still I want you to tell us what those tariffs proposed to do. Start first with the coach fares.

A. I want to refer to this memorandum to get the figures correct.

EXAMINER McGRATH: If you are giving that information for my benefit, I think the record is fairly clear as to the coach fare.

MR. CLARK: It is simply—if we just begin at the start, it won't be long. That is where we got into our confusion.

Q. (By Mr. Clark) Take coaches first.

A. When our tariffs were filed with the Tennessee Commission, they purported to establish effective as of December 1st a coach fare on the basis of 2.2 cents per mile.

EXAMINER McGRATH: One way, that is?

THE WITNESS: One way. And it was the same fare that is in effect for interstate traffic as authorized by the Interstate Commerce Commission.

Q. (By Mr. Clark) That was the year 1942?

*[202]

*A. That was on October 1st, 1942.

Q. You said December.

A. I meant December 1st, 1942; they went into effect October 1st, 1942, for interstate.

Q. I am not worrying about the effective date. You changed 1.65 to 2.2 in coaches one way?

A. Yes, sir.

Q. What did you do about the round trip in the same tariff?

A. In lieu of the fifteen-day limit fare and the six-month limit fare, we endeavored to establish a three-month limit fare on the basis of 1.98 cents per mile.

Q. You said the fifteen-day and six-month; didn't you mean sixty-day?

A. I mean sixty-day.

Q. In lieu of the fifteen-day and the sixty-day, you set out to put in one round-trip limit of three months at what rate?

A. 1.98.

Q. 1.98?

A. Yes, sir.

EXAMINER McGRATH: In lieu of what?

THE WITNESS: In lieu of the fifteen-day limit fare, which was 1.485 cents per mile, and the sixty-day limit, which was double local or 1.65 cents per mile.

Q. That tells us what you had and what you proposed to do as to coaches?

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*A. That's right.

Q. Now, to your Pullman, what did you propose to do in lieu of what?

A. We endeavored to establish a three-month limit there on the basis of 2.75 cents per mile in lieu of a thirty-day limit fare on the basis of 2.475 per mile, and the six-month limit fare on the basis of 2.75 per mile.

Q. Those were round trips that you were eliminating, and substituting one round trip?

A. Yes, sir.

Q. Was there any change made in the one-way Pullman?

A. No, sir.

Q. What was that fare then?

A. 3.3 cents per mile.

Q. And it was to remain at that?

A. Yes, sir.

Q. Those tariffs were the tariffs that were rejected by the Tennessee Commission, is that right?

A. Yes, sir; they were suspended first, and then a hearing had.

Q. Then that threw back into effect the rates that you have described which you proposed to change?

A. Correct.

Q. Now, are those rates still in effect in Tennessee today?

A. Yes, sir.

MR. CLARK: And this petition, Mr. Examiner, is aimed at

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*those rates.

EXAMINER McGRATH: And if I understand you correctly, the present intrastate one-way Pullman fare in Tennessee is the same as the interstate?

THE WITNESS: Correct.

MR. CLARK: 3.3?

THE WITNESS: Correct.

MR. GWATHMEY: You said "Pullman fare." You mean "fare in Pullman cars"?

EXAMINER McGRATH: That is what I mean.

THE WITNESS: Of course, it doesn't include the space rate in the Pullman car.

MR. CLARK: Does that clear it up, Mr. Examiner?

EXAMINER McGRATH: Yes.

MR. CLARK: We offer Exhibits 7 and 8.

Q. (By Mr. Clark) Mr. Aiken, it is suggested perhaps I might also ask you about this map that has been filed which shows the Southern Railway and other lines in the State of Tennessee.

A. I understand that it does.

Q. Perhaps I should ask you to explain what other states in Southern Territory the Southern System Lines operate in, or perhaps you could just say in some general way.

A. We operate in all of the states in the South, and all of the gateways, and all of the ports with the exception of perhaps a few over in the East, like Wilmington, and the Florida ports other than Jacksonville.

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Q. South of Ohio and the Potomac Rivers?

A. South of the Ohio and Potomac Rivers and east of the Mississippi River.

Q. And east of the Mississippi River. The Southern Railway operates in all the Southern States?

A. Correct.

Q. Serves the principal cities, river points, and ports?

A. Yes, sir.

Q. Except those you named?

A. Yes, sir.

MR. CLARK: I think that is all. May our exhibits be received?

EXAMINER McGRATH: Exhibits 7 and 8 are received in evidence.

(Exhibits 7 and 8, witness Aiken, received in evidence.)

MR. CLARK: Cross-examine.

CROSS-EXAMINATION

Q. (by Mr. Jourolmon) Mr. Aiken, does the Southern Railway have a police department?

A. Yes, sir.

Q. Is it a pretty sizeable police department?

A. I don't know the exact number of its personnel, but I think it is a pretty good size, yes sir.

Q. Has the police department ever made any attempt to ferret

*[206]

*out people who steal from the railroad?

A. You are asking me something—I am not a policeman, I don't know. I imagine that is part of their duties, but I don't know.

Q. In the passenger line do you know whether the police department has ever made any attempt to find out people who have stolen from the railroad by means of defeating these interstate rates?

A. No, I do not.

Q. Have you ever made any request that the police officers of the Southern Railway ride your trains and attempt to catch people who are doing this?

A. No, sir, we have not.

Q. Have you ever prosecuted any person in your jurisdiction of the various states that you are in—

MR. CLARK: Mr. Examiner, this witness doesn't prosecute anybody. He is not the police department and I object to the cross-examination. It is not proper cross-examination.

EXAMINER McGRATH: I think he is able to answer that.

MR. CLARK: The witness hasn't gone into any of that on direct, and there is no reason for dragging it out on cross-examination, even if he was qualified.

EXAMINER McGRATH: What is your answer? Did you answer fully that last question?

THE WITNESS: I don't know as I knew what the last question* was.
*[207]

EXAMINER McGRATH: Read it.

MR. JOUROLMON: I don't know that I had finished it.
(The question was read.)

MR. CLARK: There is an objection to that. Let's wait for a ruling.

EXAMINER McGRATH: The objection is overruled.

MR. JOUROLMON: I will finish the question, then.

Q. (By Mr. Jourolmon) Have you ever prosecuted anybody?

A. No, sir.

Q. For this sort of a violation?

A. As a matter of fact, Mr. Jourolmon, I have never prosecuted anybody at any time, civil or otherwise.

Q. In speaking of "you" I am really referring to you as the Southern Railway, I don't mean just you individually, but your department of the Southern Railway—has that ever prosecuted anybody?

A. To the best of my knowledge, I believe that they have not, sir.

Q. Mr. Aiken, do you know what this paper is (indicating)?

A. I would think so, yes.

Q. What is it?

A. It is an annual pass.

Q. Of what railroad?

A. Southern Railway.

*[208]

*Q. Issued to whom?

A. Issued to Leon Jourolmon, Jr., Commissioner of the Railroad and Public Utilities Commission, Nashville, Tennessee.

Q. Do you know whether Mr. Jourolmon is an East Tennessean?

A. Sir?

Q. I say, do you know whether Mr. Jourolmon is an East Tennessean?

A. I do not, sir.

Q. Do you know whether he is of Scotch ancestry?

A. I do not, but if he is, he has got the same as I have.

Q. With this pass in my possession would it be possible for me to make a trip from Chattanooga, Tennessee, to Cincinnati, Ohio, and defeat the provision of this pass which provides that it is not good for any part, even for that part within the state, of an interstate journey in Tennessee; and if so, by how much?

MR. CLARK: I object to that question, Mr. Examiner, because the witness is asked to determine a question of law. I don't think it is appropriate. He can ask all the facts he wants to. If he wants to say, if by the use of this pass to a certain point, if he had to go beyond, he can tell what the fares might be, but a question like that is wholly improper.

MR. JOUROLMON: The objection is well taken.

EXAMINER McGRATH: Do you want to qualify your question?

MR. CLARK: He can argue all that he wants to.

*[209]

*MR. JOUROLMON: Therefore, I can rest that.

Q. (By Mr. Jourolmon) Would it be possible for me to travel from Chattanooga, Tennessee, to Cincinnati, Ohio, using my pass to Oneida, Tennessee, and then paying the conductor the fare from Oneida, Tennessee, to Cincinnati, Ohio, and if so, by how much would the railroad suffer or lose?

MR. CLARK: Have you the tariffs?

THE WITNESS: I don't know whether I have the Oneida figures or not.

Q. (By Mr. Jourolmon) Isn't that on your exhibit?

A. Yes. I wanted to be sure it was, myself. Mr. Jourolmon, I will answer you by saying that the pass on its face says it is only good for an intrastate trip, and you are a public servant. I think the conductor would say to you, "Mr. Jourolmon,"—

MR. CLARK: Wait a minute. He only asked you—answer the question. You are getting over your head. He asked you if he could use the pass to Oneida. Well, that is within the State of Tennessee.

THE WITNESS: He could use the pass.

MR. CLARK: That is perfectly obvious.

THE WITNESS: That is right.

MR. CLARK: He wants to know the ticket rate from Oneida or to Cincinnati, and then he wants the ticket rate from Nashville

*[210]

—or Knoxville or somewhere on to Cincinnati. If you *have that data, give him the figures. That is all he wants.

THE WITNESS: That's all right.

MR. CLARK: What he can do, you have no way of knowing.

THE WITNESS: No, I don't know. He could use the pass to Oneida, Tennessee, and the fare from Oneida is \$4.77 on that movement. The through fare from Chattanooga to Cincinnati is \$7.55.

MR. MILLER: The witness is certainly qualified to know what this pass means.

EXAMINER McGRATH: Well, is that question of any materiality here? I don't see the materiality of it.

MR. JOUROLMON: I am not going to pursue this very much further, but I do want the record to show that the same thing could be done with reference to every one of these instances which you show here which would be possible.

MR. CLARK: The question is simply this, and I will very gladly stipulate if Mr. Jourolmon wishes to use his intrastate pass in lieu of a fare intrastate, that is his privilege, it is up to him, and it would be the same in dollars and cents as what is shown in that exhibit, or whether he used his pass. There is no use to pursue it further with the witness.

MR. JOUROLMON: All right.

Q. (By Mr. Jourolmon) That would be possible?

A. Yes, sir.

Q. And that is just exactly the same thing as your exhibits

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*show?

A. The only distinction or difference is that the ticket itself does not, the intrastate ticket does, not carry any such qualifying clause as is on that pass.

Q. In other words, it is not printed on an intrastate ticket?

A. That is correct.

Q. That it is not good—

A. For any part of an interstate journey.

Q. —for any part of an interstate journey?

A. That is correct, that is right.

Q. Is there any regulation that prevents the Southern Railway from printing that on each ticket?

A. It would be unnecessary because in many of our states the intrastate fares are exactly the same as they are in interstate fares.

Q. In Tennessee they are not. So what would prohibit your printing that on the tickets?

A. I don't think we could print it on there, because I think the man could use it any place he wished to use it. It is a valid fare under the law, the fare from Johnson City to Chattanooga is a published fare, there is no reason why we should say he could not use it to some other place if he wanted to.

Q. Are you testifying that it is a valid fare even if he is making an interstate trip?

*[212]

MR. CLARK: I object to that.

MR. JOURLON: That is what he just testified.

THE WITNESS: I didn't.

MR. JOUROLMON: He says it was a valid fare.

EXAMINER McGRATH: That is a matter of argument, I think, Mr. Jourolmon.

MR. JOUROLMON: Mr. Examiner, he has made a statement here and I certainly would have the right to ask him if that is what he meant.

EXAMINER McGRATH: Answer that question.

THE WITNESS: It is a valid fare in the State of Tennessee, yes sir.

Q. (By Mr. Jourolmon) As an intrastate fare?

A. An intrastate fare.

Q. Then what would prevent the carrier from saying that it is not a valid fare for an interstate passage and printing that right on the ticket?

MR. CLARK: Mr. Examiner, again I object to this line of cross-examination because how can the railroad assume that someone is going to do something that Mr. Jourolmon is indicating is unlawful? We can sell a ticket from Chattanooga to Bristol and there is no reason to say you shall not use it between Knoxville and somewhere else. It is simply between two points. That is all you have put on it, that is all it says. We cannot assume somebody is going to violate the law.

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EXAMINER McGRATH: Do you think the placing of such—

MR. CLARK: Immaterial and irrelevant.

EXAMINER McGRATH: —a notation on the ticket would be effectual in avoiding that practice?

MR. JOUROLMON: That is the point that he originally made.

THE WITNESS: You want me to answer the question?

EXAMINER McGRATH: Yes.

THE WITNESS: I don't think it would have any effect at all, Mr. Examiner. We will use this very same example I have given you from Johnson City to Chattanooga en route to Birmingham. The passenger would buy this ticket, and if he was disposed to use it in an interstate journey, there would be no way in the world that the conductor, which is a new conductor who comes on the train of the AGS, to know how he got into Chattanooga. He could simply go on through.

MR. JOUROLMON: On this point, Mr. Examiner, I think it has become necessary for us to retrace what happened. On this examination I first asked him whether it could be done, and he said yes it could be done, because, because of the fact that the tickets don't have on them the same thing which is on my pass.

MR. CLARK: He didn't say any such thing, Mr. Examiner. I differ with you.

MR. JOUROLMON: That is what started this whole thing, and so I merely asked him why they didn't put it on the tickets.

*[214]

*Now he is coming back to say it wouldn't make any difference if we did.

MR. CLARK: You have misquoted the witness all the way through.

MR. JOUROLMON: The record will show that is exactly what happened.

EXAMINER McGRATH: The record will show what the facts are, and what the testimony is, at least.

Q. (By Mr. Jourolmon) Have you any information with reference to any passenger who traveled from Chattanooga, Tennessee, to Cincinnati, Ohio, stopping at Oneida and purchasing an interstate ticket only from Oneida?

A. I have not.

Q. Have you ever talked with any conductor on any one of those trains on which that could be done?

A. Not in that particular instance, no sir.

Q. Is Oneida a point where tickets are sold in the station, or at which people get on the train and pay the fares to the conductor?

A. Both.

Q. By that do you mean that you have an office which is open certain hours and not open other hours?

A. I am not sure of the hours, Mr. Jourolmon, that the office is open, but it is a ticket agency where tickets are sold, and if the

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agent is on duty he will sell tickets if he is applied *to for them; if not, they can board the train and pay the cash fare on such trains as stop at that point.

Q. Are those trains all through trains, or is there a change of trains involved in that illustration?

A. They are through trains, sir.

Q. Now, your second illustration from Chattanooga, Tennessee, to Washington, D. C., you say a passenger could buy a ticket from Chattanooga, Tennessee, to Bristol, Tennessee. Where would the train stop to let that man off in Bristol, Tennessee?

A. At Bristol.

Q. Where is the station in Bristol?

A. The station is about forty feet over beyond the Virginia line, as I remember, forty or fifty feet.

Q. Therefore, you cannot sell a ticket to Bristol, Tennessee, but you have to sell a ticket to Bristol, Virginia?

A. We sell it to Bristol, Tennessee. Bristol, Tennessee, is the point.

Q. Do you do that voluntarily?

A. Mr. Jourolmon, if my recollection serves me correctly, we did it at the request of the Tennessee Railroad and Utilities Commission when Mr. Hannah was chairman.

MR. HENDLEY: I never heard of it.

MR. CLARK: Do I understand the Commission now suggests we should file the interstate rates? You do not want the intrastate rate? I would like for you to put that on the *record.

*[216]

THE WITNESS: So would I.

MR. CLARK: We would be very glad to have that indicated.

THE WITNESS: It is just across the street, as you know.

MR. JOUROLMON: Yes, it is just across the street. It is news to me. I have always paid my fare rather than use my pass to Bristol, because I regarded that as an interstate trip. I am just learning it is an intrastate point. Is that correct, it is an intrastate point?

MR. CLARK: Physically the station is on the Virginia side, but as I have understood it, your Commission wished us to treat it as intrastate, Chattanooga to Bristol. That has always been my understanding. I want to be very frank, if you gentlemen wish the interstate application we can change it very quickly.

THE WITNESS: As a matter of fact, it is carried as "Tennessee-Virginia" in our tariffs.

MR. CLARK: It is a very puzzling situation.

MR. JOUROLMON: I was thoroughly puzzled myself. I didn't know that that had happened. It is something that happened before I was on the Commission, and it was quite a surprise to me.

MR. CLARK: The station is just across the state line. The track runs up the middle of the main street in town. It is a very

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embarrassing situation to passengers, but that is the only station we have. It would be rather absurd to maintain two passenger stations, one on one side of the street and one on the other, and we have dealt with it in a practical way. Again I say if you wish it handled differently, we can arrange it.

EXAMINER McGRATH: Have you finished that line of questioning?

MR. JOUROLMON: Yes, I am satisfied now that I have found out the facts, but I thought it was being handled differently.

Q. (By Mr. Jourolmon) That would be on a change of railroads, but on through trains?

A. Yes, sir.

Q. At Bristol you connect with the N. & W.?

A. Yes.

Q. Have you any information as to whether this violation or this evasion or this defeating of the railroads' proper fare has ever taken place?

A. No, no personal knowledge, no sir.

Q. That would apply also with reference to your Chattanooga and Lynchburg illustration, your Knoxville to Memphis, your Knoxville to Washington, your Knoxville to Richmond, Johnson City to Birmingham, Johnson City to New Orleans, and Johnson City to Memphis, Memphis, Tennessee, to Chattanooga, Tennessee, Athens, Tennessee, to Washington, D. C., and Athens, Tennessee, to Lynchburg, Virginia?

A. Yes, sir, that would apply, but the opportunity is there.

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*Q. The opportunity is there, just exactly like there is an opportunity for me to steal from the railroad by reason of the fact you have given me this pass?

MR. CLARK: Mr. Examiner, he has twice used the expression, "Steal from the railroad." We have made no such implications of stealing. I hope that could be stricken.

MR. JOUROLMON: Mr. Examiner, I don't want it stricken. There is an implication here that these people of Tennessee are stealing from the railroad, that is exactly what the implication is. Every time anybody goes down and makes an interstate trip and pays an intrastate fare he is stealing from the railroad. That is an ugly word, and I am sorry it has to be used, but that is the implication, that these people are thieves.

MR. CLARK: We have said nothing of the kind, and I would like the record to show we have made no such implication.

EXAMINER McGRATH: I think the record is clear on that now.

MR. JOUROLMON: That closes my cross-examination.

MR. MILLER: Mr. Aiken, I have just a question or two.

Q. (By Mr. Miller) In just what way does this difference

between the intrastate fare, coach fare, and the interstate coach fare do any harm or injury to any person?

A. Well, it deprives the railroad of its proper earnings.

Q. Deprives the railroads of their earnings? Do you know
* [219].
any other way in which any person is injured?

A. No, I should think they would be benefited.

Q. Do you know of any way in which this difference of fares does any harm or injury to any locality, any state or county, or anything of that sort?

A. I don't know as I could answer that, Mr. Miller. I don't know about the local situations. Sometimes it might, from a merchandising standpoint. I don't know.

MR. MILLER: That is all I have.

EXAMINER McGRATH: Are there any further questions on cross-examination? All right, Mr. Clark.

REDIRECT EXAMINATION

Q. (By Mr. Clark) Mr. Aiken, on this question of harm to any person, let's come back to that. Two persons are traveling, one has to pay a higher rate than the other. Would you say that he is injured to the extent that he has to pay the higher fare?

A. Yes, I think it would be most unfair.

Q. The amount in and of itself, of course, is small on the individual ticket. You appreciate that?

A. Yes, sir.

Q. You have shown these differences on your exhibits; in some cases they are a little bit more than others, but in the main it is

relatively a small amount per passenger. But take a business

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concern with traveling men who are traveling, selling the goods of their firms, in competition with some other fellow. One is working on the intrastate basis and one on the interstate basis out of Chattanooga. Wouldn't you say the one that pays the intrastate rate, which is lower, has the advantage?

MR. MILLER: That is rather a leading question.

THE WITNESS: Yes, sir.

MR. CLARK: It has to be somewhat put that way to make it clear.

EXAMINER McGRATH: Have you answered the question?

THE WITNESS: I said, "Yes, sir."

Q. (By Mr. Clark) So in answering the effect of these lower intrastate rates is on the railroad, surely you didn't mean to imply to Mr. Miller that the traveling public has no interest in the fares?

A. Oh, no, not at all, not at all.

Q. Let's come right frankly down to the question of interest. The average person makes an occasional trip on the train. Would you say that the 50 cents or a dollar difference in fare would be a very material question to the individual passenger?

A. In some instances it would be quite a thing for him.

Q. Where it is a case of a business house paying railroad fare for a number of traveling men, would it be more or less of a matter of interest?

A. It would be more.

Q. Much more?

A. I would think so, yes sir.

MR. CLARK: That is all.

MR. MILLER: May I ask another question in connection with that redirect?

EXAMINER McGRATH: Yes, but don't continue this indefinitely.

MR. MILLER: All right, sir.

RECROSS EXAMINATION

Q. (By Mr. Miller) This additional fifty cents or such that is to be paid, you propose to increase the rates so that a few more additional fifty cents will be paid, is that right?

A. I propose to put the intrastate fares on the same basis as the interstate fares to avoid these combinations.

MR. MILLER: That is all. I have nothing further.

Q. (By Examiner McGrath) Mr. Aiken, I want to ask you a question with respect to Witness Tassin's Exhibit No. 6, in which he sets forth the amount of revenue lost by the Southern Railway Company because of the difference in the intrastate and interstate fares. Are you able to say from your knowledge of passenger travel whether the application of the increase in fares sought would produce or would be likely to produce the amount of revenue that is indicated there as a loss, or whether it would have the opposite effect of discouraging traveling, and divert travel to other means of transportation?

A. Mr. Examiner, at the present time I would say that it

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would *have the effect of producing the revenue that Mr. Tassin's exhibit shows.

Q. Do you entertain any doubts about that?

A. No, not at the present time. The volume of traffic is such that it would produce it.

EXAMINER McGRATH: Are there any further questions?

Q. (By Mr. Jourolmon) In other words, you don't think that the increased fare would operate to discourage riding, and thus aid the government program of curtailing nonessential riding, you don't think it would operate in that way at all?

A. I don't know as I quite get that, Mr. Jourolmon?

Q. Have you heard that the O. D. T. (Office of Defense Transportation) has requested the carriers to do what they can to curtail nonessential riding, and has in addition to that requested the public not to ride except for essential purposes?

A. Oh, indeed I have; in fact, we do a good deal of advertising ourselves.

Q. Yes.

A. To that effect.

EXAMINER McGRATH: Would this proposed increase in the intrastate fares in Tennessee have that effect in any degree? Is that the question?

MR. JOUROLMON: Yes; I asked him just the opposite question. I said didn't what he said mean that it would not have the

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effect. You have simply stated it in the affirmative, *while I stated it in the negative.

THE WITNESS: I don't know definitely just what it would

do, but I am rather of the opinion that there would be no effect on the volume at the present time.

Q. (By Mr. Jourolmon) You are of the opinion that increasing this from 1.65 to 2.2 would not discourage riding at the present time?

A. It hasn't done it in the other states or interstate, and I don't think it would do it in intrastate here.

MR. MILLER: May I ask a question in connection with your examination, Mr. Examiner?

EXAMINER McGRATH: Yes.

Q. (By Mr. Miller) You qualified your answers to the Examiner by saying, "At the present time." What did you mean by that?

A. I mean this, Mr. Miller, you are passing through some very abnormal times. You, I think, know that yourself, and we on the railroad are just the same as you are to a large extent in the same condition. We are trying our best, and I think you will agree we have done a pretty good job up to this time to take care of all of the travel that is essential, both commercial and governmental agencies, including your own. You are an essential traveler down here, but we are taking care of you just the same, and a great many others from the various agencies of the govern-

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ment. We are not doing that to our entire satisfaction from the passenger traffic men's standpoint; we would like to give you better dining car service; we would like to give you more room in cars, but the conditions are such that we cannot do it.

Q. Well, then, the answer is, as I understand it, that there will be no diversion because of the wartime conditions; is that correct?

A. That is correct.

MR. MILLER: That is all I have.

EXAMINER McGRATH: Are there any further questions?

MR. JOUROLMON: Yes, since you have brought up this question of crowded conditions on the railroads.

Q. (By Mr. Jourolmon) Are some of the passengers having to stand up as they travel, or are they all finding seats?

A. Some of them are standing up, Mr. Jourolmon.

Q. Do you know about what proportion?

A. No, I can't tell you that. It is a very difficult thing. They crowd on and we try to provide extra cars if we have them, but they insist upon getting on just the same.

Q. Who stands up, the interstate passengers or the intrastate passengers?

A. I wouldn't know, I wouldn't know that.

Q. Do they stand up in the Tennessean?

A. There are probably times that they do, although the Ten-

*[225]

nessean has got reserved seats in it, and in those coaches *they may crowd on sometimes, some of the furlough boys, and insist on riding, but as a general rule on the streamliners they don't stand up.

Q. The interstate passengers will ordinarily be traveling considerable distances, that is correct, isn't it?

A. Yes, generally speaking.

Q. How far in mileage can an intrastate passenger travel on the Southern Railway in Tennessee?

A. About 241 or 242 miles, from Bristol to Chattanooga.

Q. As an average an intrastate passenger will be traveling much less than that, will he not?

A. The intrastate passenger what?

Q. As an average, the average intrastate passenger, in other words. I don't know the railroad terminology for per travel mile, per passenger trip or whatever it is, but that is what I am trying to get at, your average length of trip intrastate will be less than 241 miles?

A. It should be. I have made no figures on it, but it should be.

Q. If one person gets on the train and travels ten miles, that is bound to bring it down to less than 241 miles?

A. On the average, yes.

Q. Even if he is the only one?

A. That is correct.

Q. So an average, as an average they are traveling shorter
*[226]

*distances than that?

MR. CLARK: Much shorter.

THE WITNESS: I would think so, yes.

Q. (By Mr. Jourolmon) Do you have any notion about how much shorter it would be?

A. No, sir; I haven't any figures on it at all.

Q. Did you hear the prompting from the other side of the table, which was quietly said "much shorter"?

A. No, sir; I didn't hear anything.

Q. You didn't hear that prompting?

A. No.

MR. CLARK: I will stipulate that, if counsel wishes.

MR. JOUROLMON: All right, good.

EXAMINER McGRATH: Are there any further questions of this witness?

MR. CLARK: I will stipulate "much shorter."

THE WITNESS: I didn't hear it.

Q. (By Mr. Jourolmon) Passengers who are traveling right long distances through a state or through several states will have many opportunities when the travel is not quite so heavy, to find seats and preempt them, that is true, is it not?

A. Yes, on and off passengers.

Q. And the on and off passengers will in that way make seats
*[227]
for the longer travel, longer distance through passengers, *that is true, isn't it?

A. Make seats for all character of passengers, both intrastate and long distance.

Q. As a result of that, on the average, your intrastate passengers are going to have to assume the major burden of standing up on your trains, to the benefit of your interstate passengers, that is true, is it not? Mr. Examiner, I don't care for an answer to that question.

EXAMINER McGRATH: Are there any further questions of this witness?

MR. JOUROLMON: That is all.

EXAMINER McGRATH: You are excused.

(Witness excused.)

EXAMINER McGRATH: Your next witness.

MR. GWATHMEY: On yesterday Mr. Hopkins of the N. C. & St. L. Railway was asked by Mr. Jourolmon to furnish certain information.

EXAMINER McGRATH: Yes.

MR. GWATHMEY: He has it here now.

EXAMINER McGRATH: Will you come forward, Mr. Hopkins?

J. L. HOPKINS, having been previously sworn, was recalled and testified further as follows:

DIRECT EXAMINATION

Q. (By Mr. Gwathmey) Mr. Hopkins, you were asked on yesterday by Mr. Jourolmon to furnish figures for the Nashville,

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*Chattanooga and St. Louis Railway showing the revenue derived in Tennessee from both interstate and intrastate passenger travel; and secondly the revenue derived in Tennessee from intrastate travel. Have you prepared that information and will you give it now?

A. Yes, sir.

Q. All right, proceed.

A. If you will refer to Mr. Tassin's statement No. 1, the figures for the passenger revenue in Tennessee corresponding to the first period shown in that statement ended February 28, 1943.

Q. That is the twelve months ending February 28, 1943?

A. Twelve months ending February 28, 1943.

Q. Yes.

A. Total passenger revenue, inter and intrastate was \$3,599,-084. For the same period the intrastate passenger revenue was \$685,537.

The next period shown was twelve months ended September 30, 1943. However, as our statement ended one month earlier, I show for the twelve months ending August 31. The total passenger revenue in Tennessee in that period was \$5,307,305. The intrastate passenger revenue in the same period was \$846,692.

The third period shown on that exhibit was for the ten months
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ended September 30, 1943, but the figures for the *N. C. & St. L. were for nine months ended August 31, 1943.

Q. Nine or eight?

A. Sir?

Q. Was it nine or eight?

A. No, nine, because he wanted December included.

Q. All right.

A. The total inter and intrastate was \$3,711,780. The intrastate was \$639,499.

Q. You were also asked to give the amount of excess profit taxes included in railway tax accruals as shown in line 12, page 18, of Mr. Tassin's exhibit; the figures being for the Nashville, Chattanooga & St. Louis Railway. Will you give those figures for the years 1940, 1941, and 1942?

A. There were no excess profit tax accruals, nor was there

any paid in 1940 or 1941. We accrued for 1942, and included in the figures shown on Mr. Tassin's exhibit a total of \$1,446,815 excess profit taxes.

Q. Now, I understand you to say that that figure represents the amount which you accrued and set up in your accounts, is that correct?

A. That is right.

Q. Is that figure subject to final readjustment, pursuant to such requirements as the United States Internal Revenue Department may make?

A. That is right. It may be two years before we know what the *final figure is.

MR. GWATHMEY: I think that gives you the information, Mr. Jourolmon.

CROSS-EXAMINATION

Q. (By Mr. Jourolmon) Mr. Hopkins, you have compiled this information in exhibit form, I believe?

A. I didn't understand it was wanted in exhibit form.

EXAMINER McGRATH: Off the record.

(Discussion had off the record.)

MR. JOUROLMON: I am through.

EXAMINER McGRATH: You are excused.

(Witness excused.)

MR. GWATHMEY: That completes the case on direct examination for the respondent railroads.

EXAMINER McGRATH: Off the record.

(Discussion had off the record.)

J. H. COKE, being first duly sworn, testified as follows:

DIRECT EXAMINATION

Q. (By Mr. Jourolmon) Your name and address, Mr. Coke?

A. J. H. Coke, Clarksville, Tennessee.

Q. Are you employed by the Railroad and Public Utilities Commission of the State of Tennessee?

A. Yes, sir.

Q. In what capacity, Mr. Coke?

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***A.** Inspector.

Q. As an inspector?

A. Yes, sir.

Q. Please state the length of your experience as an inspector?

A. Five years.

Q. Will you please state for the record what your duties have been as an inspector?

A. Well, check trains, bus equipment, truck equipment, railroad stations, bus stations.

Q. Mr. Coke, during the past month, month of November, have you had an opportunity to inspect some of the passenger service on some of the passenger trains in the State of Tennessee?

A. Yes, sir.

Q. On what carrier did you make these investigations?

A. N. C. & St. L. Railway.

Q. I would like to place in your hands a sheet. Will you describe what that sheet is?

A. It was prepared for me by Mrs. Waller. Of course, the red here is the branch lines of the N. C. & St. L. Railway (indicating).

Q. It is a small pencil sketch of the State of Tennessee, map of the State of Tennessee, showing the lines of the N. C. & St. L. Railway?

A. Yes, very roughly.

Q. And it shows the branches of the N. C. & St. L. in red?

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*A. Yes, sir.

MR. JOUROLMON: We would like to offer this as Exhibit No. 9 and have it marked for identification as Exhibit No. 9.

EXAMINER McGRATH: All right.

MR. JOUROLMON: And we will offer it hereafter.

(Exhibit No. 9, Witness Coke, marked for identification.)

Q. (By Mr. Jourolmon). Have you inspected the service and the equipment on these various branches of the N. C. & St. L. Railway?

A. Some of them, yes sir.

Q. Please state which ones you have inspected?

A. The Centerville branch, the Shelbyville branch, the Sparta branch, and the Palmer branch, and the Columbia branch.

Q. Were all of these intrastate branches which began and terminated within the State of Tennessee?

A. Yes, sir.

Q. On what date did you inspect the Centerville branch?

A. On November 10th.

Q. Now, will you state for the record just what your inspection developed at this time?

EXAMINER McGRATH: November 10th of this year, was that?

THE WITNESS: Yes, sir; November 10th, 1943. I left Dickson, Tennessee, at 9:40 a.m. on November 10th, 1943, and arrived at Bon Aqua, Tennessee, at 11:15 a.m. same date. The train was due to leave Dickson at 9:20 and arrive Bon Aqua at 10:01. It

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was one hour and fifteen minutes late. It is a distance of *approximately eleven miles. This train had about thirty freight cars and one coach. The coach was equipped with two coal stoves, kerosene lights, two rest rooms. There were no wash basins in the rest room, and the commodes would not flush.

MR. CLARK: May I ask if the witness is reading from a prepared statement?

THE WITNESS: Yes, sir.

MR. JOUROLMON: Yes, he is.

MR. CLARK: Has he furnished us with copies?

MR. JOUROLMON: They are really just his notes, but I will be glad for you to have copies. I don't know that we have enough copies for everybody.

MR. CLARK: From the speed at which he was going I took it he was reading them exactly.

THE WITNESS: They are notes that I made.

MR. JOUROLMON: I will be glad to break this down and ask him questions.

MR. CLARK: No, go ahead. I withdraw all I said.

THE WITNESS: There were no mirrors, one washpan.

MR. CLARK: No mirrors?

(Discussion had off the record.)

THE WITNESS: There was water in the cooler, but no cups, only one tin can for the water. Seats were not reserved, coach was not air conditioned.

Q. (By Mr. Jourolmon) Are you sure of that, Mr. Coke?

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*A. Yes, sir.

Q. All right.

A. Windows were dirty, seats were dirty, covered with ashes and cinders. There were open vestibule wooden coaches, which needed a good cleaning all over. When the train stopped or jerked, kerosene fell from the lamps on the floor near the hot stove.

Q. Did you say that there was one washstand, or one washpan?

A. Pan.

Q. One washpan. What sort of washpan was that?

A. Oh, it was very small, just a granite pan.

Q. Just a granite basin?

A. Hanging in the rest room.

Q. Did you observe any dates on that coach which would have given you any idea as to when the equipment was constructed?

A. No, sir.

Q. Or built?

A. No, sir.

Q. Were there passengers on the coach?

A. Yes, sir.

Q. Were they passengers which got on and off at local stations?

A. Yes, sir. Well, they got on at Dickson and got off at—one got off at Colesburg. I got off at Bon Aqua, and I don't know where the other one went.

Q. How was the weather on November 10th?

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*A. Cool.

Q. Very cold?

A. Well, it was cold.

Q. Can you describe just about how cold?

A. It was a frosty morning; it was real cool.

Q. Was the coach very frigid?

A. No, sir.

Q. How was the conditions of the atmosphere in the coach, the temperature?

A. Well, it was stuffy and hot, because they had a coal stove

there, and when they got out to Colesburg, in fact, they were switching, and I got out to get some air, it was so warm.

Q. You got out at Colesburg to get some fresh air?

A. Yes, sir.

Q. Do you know whether those passengers who were riding that coach were interstate or intrastate passengers?

A. No, sir.

Q. Was this coach equipped with any dining service of any sort?

A. Well, I wouldn't say that; the conductor had a coffee pot wired on the stove, and of course asked me to have some coffee—of course, in a joking way; I asked him if this was a diner, and he said "yes." He asked me to have some coffee out of a tin can with him.

EXAMINER McGRATH: Did you state the distance from
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and to those points that you traveled?

MR. JOUROLMON: He did. It was eleven miles.

THE WITNESS: I said approximately eleven miles, yes sir.

Q. (By Mr. Jourolmon) How far does this go beyond Bon Aqua?

A. It goes to Hohenwald, Tennessee.

Q. It goes on to Hohenwald?

A. Yes, sir.

Q. You didn't ride the train the entire length?

A. No, sir.

Q. You got off at Bon Aqua?

A. Yes, sir.

Q. Will you state on what day you rode on the Sparta branch?

A. On November 22nd, 1943.

Q. Will you state when that train left Sparta, and where you went?

A. I left Sparta, Tennessee, at 2:00 p.m., November 22nd, 1943, and arrived at Doyle, Tennessee, at 2:30 p.m., November 22nd, 1943.

Q. Describe whether the train was on schedule or not?

A. Well, the train was due to leave Sparta at 11:00 a.m. and due to arrive at Doyle at 11:15 a.m. The train was three hours and fifteen minutes late. Of course, the train bulletin showed the train was marked on time. It had about fifteen freight cars in this train and one passenger coach.

Q. Will you describe now the condition of the coach?

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*A. The coach is constructed of wood, had leather upholstery seats in it. This train had electric lights and was equipped, heated with coal stoves, had no reserved seats in it, not air conditioned. Rest rooms—could not flush toilets, no wash basin. Windows and floors were dirty.

Q. How about mirrors?

A. No mirrors were in this train, no sir.

Q. Was the car a compartment car?

A. Yes, sir; it is built in three compartments; they have a smoker with about six seats in the rear of the car. The car was marked "men" and "women." However, I think—it was marked

"men" and "women." On this train there was one colored passenger. All of the men and women sat in the men's car and the colored passenger sat in the women's part.

Q. If the women were to go to the rest rooms, where did they have to go; in other words, which end of the car would they go to, would they pass through the colored car or the others?

A. Yes, sir, if they had went where it was marked "women."

Q. They would have to go through the colored section of the car?

A. Yes, sir.

Q. Now, will you describe the conditions of the coach with reference to cleanliness?

A. The windows were dirty and the floors and seats were covered with ashes and dust.

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*Q. Was this a closed vestibule coach?

A. No, sir.

Q. Or was it open?

A. Open.

Q. Do you have any information as to whether the train ordinarily operates on schedule or does not?

A. The agent at McMinnville told me it was usually two to three hours late.

Q. Were the passengers on this coach local passengers, getting on and off at various stations?

A. I don't know, sir. I got on at Sparta and I rode to Doyle. Of course, this train runs from Tullahoma to Sparta, is my un-

derstanding. Where these other people got off I don't know, I got off at the first station.

Q. Going back to the Centerville branch, were there any sleeping quarters in that coach?

A. Yes, sir, there was a set of springs and a mattress, and some cover in the rear of the car. The back of one seat had been taken out and they had a bed and a mattress and cover there in one corner of the car.

Q. So this car was a combination diner, sleeper and day coach, is that right?

A. Yes, sir.

Q. Now, going to the Palmer branch, when did you inspect the service on the Palmer branch?

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*A. November 23rd, 1943.

Q. Will you state what points you traveled between?

A. Between Cowan, Tennessee, and Sewanee, Tennessee. I left Cowan at 12:40 p.m. and arrived Sewanee 1:35 p.m.

Q. Was the train on schedule?

A. The train was due to leave Cowan at 10:10 a.m. and due to arrive at Sewanee at 11:05 a.m. It made it two hours and thirty minutes late. The distance is approximately eight miles, fifty-five minutes running time. It had about twenty freight cars and one coach. The coach was equipped with coal stove, kerosene lights, rest rooms with no wash basins, no soap, no mirror, and couldn't flush the toilet; there were no reserved seats; the train was not air conditioned, no drinking cups, water in one cooler; seats covered with ashes; windows were dirty; coach was constructed of wood, needed a good cleaning; vestibules were open.

Q. Were the passengers on that train local passengers?

A. Yes, sir.

Q. Were they getting on and off?

EXAMINER McGRATH: How far did you go on that train?

THE WITNESS: I went practically eight miles, I got off at the first station. There were other passengers that got off there, I don't know just how many; it seems to me like nearly all of them did, but I didn't look back to see.

Q. Now, then, on the Shelbyville branch, will you give the
*[240]
same information with reference to your inspection on this branch that you have these others?

A. I left Wartrace, Tennessee, at 12:20 p.m. November 30th, 1943, and arrived at Shelbyville, Tennessee, at 12:50 p.m. the same date. This train was due to leave Wartrace at 11:55 a.m. and due to arrive at Shelbyville at 12:20 p.m., which made it thirty minutes late. The distance was about nine miles. The train had about nine freight cars and one coach. The seats were not reserved; the coach was not air conditioned, with open vestibule; heated with coal stoves; lights were kerosene; windows were dirty. The commode in the rest room would not flush, no wash basin, no soap, no towel; the coach was constructed of wood; seats were covered with ashes and cinders.

Q. Did you notice the passengers on this train, as to whether they were local passengers?

A. They were, yes sir.

Q. Or through passengers. They were local passengers?

A. Yes, sir.

Q. There was one other branch that you spoke of and inspected, Mr. Coke?

A. The Columbia branch.

Q. When was this inspection made?

A. November 30th, 1943.

Q. Make the same statement with reference to your time of leaving and condition of the coach?

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*A. I left Lewisburg, Tennessee, at 3:15 p.m.; arrived at Petersburg, Tennessee, at 4:15 p.m. This train was due to leave Lewisburg at 2:00 p.m. and due to arrive at Petersburg at 3:15 p.m., which made it one hour late. The train had about twenty-eight cars and one passenger coach.

Q. Twenty-eight of what sort of cars?

A. Freight cars. The coach had open vestibules, smoker, two compartments, three rest rooms, coal stove, electric lights, clean windows, no wash basins in rest rooms, and could not flush commode; there were no reserved seats and coach was not air conditioned.

Q. Were the passengers who were traveling on this equipment local passengers or through passengers?

A. Local.

Q. You have described the service on five branch lines on which the service consists of a mixed freight and passenger service. Did the freight trains have cabooses?

No, sir.

Q. What was used in lieu of a caboose?

A. The coach, the train crew was—part of the train crew was riding in this coach.

Q. They used these various coaches as cabooses, in addition to passenger service?

A. Yes, sir.

MR. JOUROLMON: You may take the witness.

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*CROSS-EXAMINATION

Q. (By Mr. Gwathmey) I believe you said you made all of these trips over these branch lines in November, did you not?

A. Yes, sir.

Q. What was the occasion of your making these trips?

A. Mr. Hendley asked me to make them.

Q. Who is Mr. Hendley?

A. He is the rate expert for the Tennessee Railroad and Public Utilities Commission.

Q. Did Mr. Hendley tell you what he wanted you to make these trips for?

A. No, sir.

Q. Had you ever made any trips over these branch lines before?

A. No, sir.

Q. Did you receive any instructions as to what you were supposed to develop in the course of these trips?

A. No, sir.

Q. Nobody told you anything?

A. Not what I was to develop, no sir.

Q. What did they tell you?

A. Told me what to look for.

Q. What to look for?

A. Yes, sir.

Q. Just a difference in words.

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*MR. JOUROLMON: Did he ask you to look and see whether they were air conditioned?

THE WITNESS: Yes, sir.

Q. (By Mr. Gwathmey) In other words, he told you to find out everything about these trains that you could find out that in your opinion indicated they were not particularly good trains, is that not about right?

A. Well, he didn't word it that way.

Q. Now, Mr. Coke, take this Centerville branch, the first one. What is the entire length of that branch?

A. I don't know.

Q. Have you any idea?

MR. JOUROLMON: We are planning to develop that, Mr. Gwathmey.

MR. GWATHMEY: Have you figures in that connection?

MR. JOUROLMON: Yes, we have that in an exhibit which was to be developed by Mr. Hendley, but it is all right to put it in by this witness. May I interrupt and present this as our exhibit then by this witness?

MR. GWATHMEY: Yes, sir.

REDIRECT EXAMINATION

Q. (By Mr. Jourolmon) Mr. Coke, I place in your hands an exhibit headed "A comparison, showing main track mileage of the N. C. & St. L. Railway," showing per cent of mileage in Tennessee, where passenger service consists of a coach hooked to

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the rear * of a freight train in lieu of a caboose. Will you file that exhibit and mark it for identification as Exhibit No. 10?

A. Yes, sir.

(Exhibit 10, Witness Coke, marked for identification.)

MR. JOUROLMON: I will offer these exhibits.

MR. GWATHMEY: The exhibit is not altogether clear to me. I want to ask him just to explain it. It says "miles served by passenger train" in one column and "by freight train" in another column.

RECROSS EXAMINATION

Q. (By Mr. Gwathmey) Does that mean the total mileage in both directions?

A. No, sir; one way.

Q. One way?

A. Yes, sir.

Q. What do you mean by "miles served by freight train"?

A. Mixed train.

Q. I asked you about the Centerville branch, and I see opposite Centerville the figure 50.40. Does that mean that the Centerville branch is fifty miles long?

A. Yes, sir.

Q. And your Shelbyville branch is eight and a fraction miles long, and so on?

A. Yes, sir.

*[245]

*Q. Did you state the number of passengers you found on that train, on the Centerville branch when you rode it?

A. Yes, sir.

Q. How many were there?

A. Three.

Q. Three?

A. Yes, sir.

Q. Did that include you?

A. Yes, sir.

Q. Two others besides yourself?

A. Yes, sir.

Q. And I believe you say one got off and you got off and the other fellow went on, and you don't know where he went?

A. No, sir.

Q. Can you tell us about how many passengers you found on these trains on the Sparta branch, just in a general way about how many people?

A. About ten.

Q. About ten people on the train?

A. Yes, sir; there is only one other train that I have got that information on and it was Wartrace to Shelbyville.

Q. There were twelve on that train?

A. Yes, sir.

Q. How about your Palmer branch, about how many were on that train?

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*A. About three.

Q. About three?

A. Yes, sir.

Q. It has been suggested I ask you how many of those were people riding on passes, employees?

A. I don't know, sir.

Q. You don't know how many were railroad employees?

A. No, sir.

Q. Suppose that a citizen located on the Centerville branch wanted to take a trip to Chattanooga?

A. Excuse me just a minute. Do you mean train crew that was riding on the train?

Q. No, no, I mean people in the coach, passengers?

A. They had tickets.

Q. All right.

A. I am not counting the train crew.

Q. You don't know how many of these people who were riding in the coach may have been employees of the railroad, working on the railroad, possibly, I don't mean operating the train?

A. I don't know about that; they had tickets. I am not counting the train crew.

Q. I see. Suppose a citizen located on the Centerville branch, for example, wanted to take a trip to Chattanooga. He would ride on that same train down to the junction, wouldn't he?

A. Coming from Centerville over to Dickson?

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*Q. No, no, suppose a man located at some station on the Centerville branch wanted to take a trip to Chattanooga by railroad, wouldn't he use that same train?

A. I don't know.

Q. What other train could he use, if he didn't go down by automobile to the junction point? He would have to use that train, wouldn't he?

A. I'll grant you that you are right on that, I don't know.

Q. Take a citizen on the Sparta branch, suppose he wants to go to Chattanooga by railroad. He would come down, use that same train, wouldn't he?

A. Yes, sir.

Q. And the same thing on these other branches, isn't that true?

A. I don't know whether I am following you right clear here or not.

MR. JOUROLMON: The only thing about that, this witness simply means he is not qualified as an expert on this particular matter.

MR. GWATHMEY: If you want to object, you have the right to object to it. Is the train which you rode—

MR. JOUROLMON: I don't object, you go ahead and ask him the questions. He will answer anything he can.

MR. GWATHMEY: Are you through?

MR. JOUROLMON: Yes, sir.

Q. (By Mr. Gwathmey) Was the train which you rode, operating *on the Centerville branch, for example, the only passenger train that operates on that branch?
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A. From the timetable, it is, yes sir.

Q. Yes. Now, I asked you if a man who lived out on that branch wanted to go by railroad to Chattanooga, he would have to use that same train, would he not?

A. Yes.

Q. Of course. Now, he would be an interstate passenger, wouldn't he?

A. Yes, sir.

Q. And he would get exactly the same service that the man who got off at Centerville, or wherever the junction point is, or got off locally on the line, wouldn't he?

A. Yes, sir.

Q. And the same thing is true of each one of these other branches that you spoke of, isn't it?

A. Yes.

MR. GWATHMEY: That is all.

EXAMINER McGRATH: Exhibits 9 and 10 are received in evidence.

(Exhibits 9 and 10, Witness Coke, received in evidence.)

EXAMINER McGRATH: You are excused.

(Witness excused.)

MR. JOUROLMON: Mr. Hendley, will you take the stand?

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*J. O. HENDLEY was sworn and testified as follows:

DIRECT EXAMINATION

Q. (By Mr. Jourolmon) Mr. Hendley, will you state your name and address for the record, please?

A. J. O. Hendley, Room 110, War Memorial Building, Nashville, Tennessee.

Q. Will you state the capacity in which you work for the Railroad and Public Utilities Commission?

A. I am at the head of the Department of Railroads, and have been for thirty years.

Q. Please state your experience in this capacity, and any other railroad experience that you have had?

A. I started to work in the transportation department of the Louisville & Nashville Railroad when I was eighteen years old, and from there I went to the general freight office of the Southern Railway, where I worked up from assistant rate clerk to chief rate clerk. For a while I was traffic manager for the Raleigh & Southport Railroad in Raleigh, North Carolina. My entire working life has been spent either with the railroads or with the Railroad Commission.

Q. At what date did you go with the Tennessee Railroad and Public Utilities Commission?

A. October 10th, 1913.

Q. What have been your duties as a member of the staff of that *Commission?

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A. All matters pertaining to railroads go over my desk.

Q. I wish to place in your hands Exhibit No. 9, which was introduced and identified by the witness Coke. Mr. Coke was asked on cross-examination by Mr. Gwathmey whether the same thing applied to all branches of the N. C. & St. L. Railway with reference to intrastate passengers. Did Mr. Coke give the correct information with reference to that?

A. I doubt if there is a ticket office anywhere on the Center-ville branch. That being the case the conductor would collect the cash fare, and it would read from the point where he embarked on the train to Dickson, and he would be an intrastate passenger, no matter where he went eventually, because the conductors are not allowed to collect fares beyond their line.

Q. What is true with reference to the other branches?

A. It depends entirely upon whether or not the fare was paid to the conductor, or whether he bought a ticket from an agent.

Q. Is that all that you care to say with reference to the testimony of Mr. Coke?

A. Yes, sir.

Q. Mr. Hendley, have you prepared an exhibit for introduction in this matter?

A. I have.

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*Q. Will you offer this exhibit into evidence and have it marked for identification Exhibit No. 11?

A. Yes, sir.

EXAMINER McGRATH: Yes, Exhibit No. 11 is the next number.

(Exhibit 11, Witness Hendley, marked for identification.)

Q. (By Mr. Jourolmon) The exhibit consists of thirty-two pages?

A. Yes, sir.

Q. And contains all of the information which you wish to present in exhibit form?

A. Yes, sir.

EXAMINER McGRATH: We will take a short recess.

(Whereupon a short recess was taken.)

EXAMINER McGRATH: Are you ready to proceed?

MR. JOUROLMON: We are.

Q. (By Mr. Jourolmon) Mr. Hendley, we have marked for identification Exhibit No. 11, which consists of thirty-two pages. Will you turn to page No. 1 of this exhibit, which is headed a comparison of passenger revenues, and make any statement with reference to this page of the exhibit that you may desire to make?

A. The 2.2 coach fare rates which were permitted by the Interstate Commerce Commission for the carriers to publish were based upon what I understood to be the conditions in 1941, and this first statement was prepared for the purpose of showing that

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any passenger fare rate that was permitted as a *reasonable passenger fare rate is no longer reasonable. And especially is that true as to Tennessee.

The Tennessee Central Railway operates passenger service in Tennessee alone. Its passenger revenue in 1941 was \$55,939; in 1942, it was \$187,386, an increase of 234.98 per cent.

And for the nine months in 1943 it was \$459,756, an increase for only nine months in 1943 of 721.89 per cent over the full cal-

endar year of 1941, and an increase of 145.35 per cent over the full calendar year of 1942.

In my opinion, any passenger fare rate that was reasonable in 1941 is not reasonable in 1942. It is also my opinion that any passenger fare revenue that was reasonable in 1942 was not reasonable in 1943, because the conditions have so changed as to make a reinvestigation necessary.

MR. GWATHMEY: Mr. Examiner, I merely want to note on the record an objection similar to the objection which has heretofore been made by Mr. Jourolmon as to what the Interstate Commerce Commission considered when it authorized the 2.2 cent fare in Ex Parte 148. Of course, the report of the Commission will speak for itself as to that.

EXAMINER McGRATH: I think that is understood.

MR. JOUROLMON: That is sound, yes.

Q. (By Mr. Jourolmon) This first page represents simply a comparison of the revenues, passenger revenues for two separate years, as compared with nine months of the present year, is that right?

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A. Yes, sir.

Q. Will you proceed?

A. Respondents in this cause refer to the N. C. & St. L. as a "typical Tennessee line." They did that before the Tennessee Commission. The passenger revenue of the N. C. & St. L. increased in 1942 over 1941 by 172.79 per cent. Nine months of 1943 show an increase over the year 1941 of 277.91 per cent; over the year 1942 of 38.52 per cent. The total passenger revenue of respondents increased in 1942 over 1941 by 130.75 per cent. For the

nine months in 1943, it increased over the year 1941 by 196.42 per cent; over the year 1942 by 28.46 per cent.

Those figures represented an increase in the nine months of 1943 as compared with the full calendar years of 1941 and 1942. These lines do not appear to be in need of additional passenger revenue, and the interstate passenger fare of 2.2 must be proven to be reasonable at the time of the issue before the Tennessee fares can be raised to the interstate level.

MR. CLARK: Isn't this more argument?

MR. McGRATH: I think that latter part is strictly argumentative, and I will ask you please to refrain from including argument in your testimony.

THE WITNESS: All right, sir.

Q. (By Mr. Jourolmon) Now, Mr. Hendley, that first page
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represented a comparison of passenger revenues of the two most recent full calendar years 1941 and 1942, and compared them with the nine months' period in 1943?

A. Yes, sir.

Q. Now, do you have a page in this exhibit which will compare these same periods of time by nine months' period?

A. That will be shown on page 2 of my exhibit, which shows a comparison of passenger revenue for nine months of 1943, as compared with the corresponding period of the years 1941 and 1942. For the Tennessee Central Railway, 1943 over 1941, 1,056.56 per cent, and 1943 over 1942, 345.61 per cent.

For the N. C. & St. L., 1943 over 1941, 426.15 per cent, and 1943 over 1942, 126.33 per cent. The total for all respondent lines, 1943 over 1941, was 314.24 per cent, and 1943 over 1942, 93.94 per cent.

Q. Those exhibits in both instances show the authority for the statements and information therein contained?

A. They do.

Q. Do you wish to say anything further with reference to those two sheets?

A. No, sir.

Q. Turn to page 3 of your exhibit and state what this page shows.

A. This page shows a comparison of the number of passengers.

EXAMINER McGRATH: It is not necessary to state in the

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*record what is clearly indicated by the exhibit. Is there something there that you want to stress?

THE WITNESS: Yes, sir.

EXAMINER McGRATH: You may point it out.

THE WITNESS: It is significant of the three lines operating in Tennessee, the greater the percentage proportion of their mileage that is in Tennessee, the greater the percentage of increase in passengers riding in passenger cars.

Q. (By Mr. Jourolmon) You do not show on this exhibit the percentage of mileage in Tennessee. Do you have another exhibit that shows that?

A. That will be shown in another exhibit. In 1942 the increase over 1941 for Tennessee Central was 140.32 and the N. C. & St. L. 86.89, the C. N. O. T. P. 101.90 per cent.

When you consider that the average number of cars in train has also increased, it makes it a much better showing. It costs no more to haul a coach with fifteen passengers than it would

cost to haul the same coach with six passengers, that being the argument of respondent when they petitioned the Tennessee Commission to allow them to put in the cent and a half rate.

Q. You have derived this page of your exhibit from the 1942 annual report to the stockholders. You have two notes on this report with reference to a different phraseology used in the Illinois Central report and the N. C. & St. L. report. Do you understand

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that the figures are actually comparable, and refer to *the same thing?

A. I understand it is just a different way of expressing the same thing.

Q. Turn to page 4 of your exhibit and make any statement with reference to that exhibit which you think is pertinent?

A. For 1941 I have ascertained the average revenue per passenger car mile by multiplying the average number of passengers per passenger car by the average number per passenger per mile, which includes the sleeping cars, chair cars, parlor cars, deluxe cars, as well as coaches.

Q. Then what have you done for the year 1942?

A. For 1942 I have multiplied the average number of passengers per car by the 1.65 passenger per mile applicable in Tennessee intrastate traffic. The increases in revenue per passenger car range from 44.43 per cent to 116.46 per cent, the greatest increase being those lines having the greatest percentage of mileage in Tennessee.

Q. In actual practice and experience, would the average revenue per passenger per mile in cents be exactly 1.65, or would it, in your opinion, be something above or below that figure?

A. In my opinion, it would be something above, because we have included in this passengers riding in parlor cars, deluxe

cars, and sleeping cars where the passenger rates are invariably more than 1.65 per mile.

Q. Do you have anything else to say with reference to that?

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*A. No, sir.

Q. If not, let's turn to page No. 5.

A. Page No. 5, I couldn't get the average number of passengers per passenger carrying car for the year 1943 separate as to each particular railroad. We could, however, get the average for the Southern region, and in view of the fact that the Nashville, Chattanooga and St. Louis Railway is a typical Tennessee line, it might be well to note that the average number of passengers per passenger carrying car for the N. C. & St. L. Railway in 1942 was 22.31, which compares very favorably with the average number of passengers per passenger carrying line for all Southern region cars of 22.9.

Q. This exhibit shows that if all Southern region carriers would apply a straight 1.65 cents per mile rate to all classes of passengers for 1943, the increased revenue per car for 1943 would exceed actual earnings for 1942 by 18.66 per cent.

Q. Is there anything further with reference to that?

A. No, sir.

Q. All right, your page No. 6, which is headed "Passenger statistics of class 1 steam railroads."

A. This exhibit shows that the number of passengers per passenger car is still on the increase, and that the number of passengers riding coaches is still on the increase, especially in the Southern region.

Q. Is there anything further with reference to that exhibit?

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*A. No, sir.

Q. Now, Mr. Hendley, I call your attention next to the three next pages of your exhibit, which are pages No. 7, No. 8, and No. 9, and which show in each instance a small map of the State of Tennessee with a route line drawn across. Will you describe and explain what these exhibits show?

A. Apparently acting under the suggestion of Mr. Eastman, the carriers are now to a limited extent applying a pooling of their passenger traffic. Three coach streamlined deluxe passenger seat, personal seat—

Q. Reserved seats?

A. Personal seats, I mean deluxe reserved seats, air conditioned trains are operated between Chicago, Illinois, and Miami, Florida, one train each way daily. On December 1 the Southwind leaves Chicago over the Pennsylvania Railroad, L. & N., A. C. L., etc.

On December 2nd the Dixie Flagler leaves Chicago over the C. & E. I., the L. & N., N. C. & St. L. to Atlanta, etc.

On December 3rd the City of Miami leaves Chicago over the Illinois Central Railroad. Coach tickets held by passengers for passage over either one of these routes can be exchanged at the option of the passenger for ticket via either of the other of these routes, which is certainly a wonderful convenience.

Q. Is that a convenience that can be made available to inter-

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*state passengers, or to intrastate passengers?

A. In Tennessee, interstate only. The geographical location of Tennessee is such that each of these three trains, these three streamlined reserved seats, no extra fare, deluxe coach trains, passes through Tennessee, serving interstate passengers into, out of, and through Tennessee, but the safety, conveniences, comforts, and hospitalities which they offer to interstate passengers are in each instance denied to the intrastate passengers in Tennessee.

My first exhibit is the route of the City of Miami.

Q. By that you mean page 7 of your Exhibit No. 11?

A. Page 7.

Q. Yes.

A. The City of Miami, Illinois Central Railroad from Chicago to Miami. It is a deluxe coach, streamlined, and speeds through Tennessee at fifty-one miles per hour, no extra fare, Diesel powered, coach, streamlined, deluxe reclining reserved seat coaches, completely air conditioned, radio, stewardess, registered nurse, exclusive coach for women and children.

EXAMINER McGRATH: That is all set out in the exhibit. You are merely repeating it, isn't that so?

MR. JOUROLMON: Those points are set out in the exhibit.

THE WITNESS: I just wanted to emphasize those points. I won't emphasize them on the others, but I will emphasize them

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on the I. C. and the others are practically the same. *They have tavern lounge car, a dining car, etc., all of which is denied to the intrastate passengers in Tennessee, but is not denied to the interstate passengers, or to intrastate passengers in Georgia, Florida, and Illinois.

Q. (By Mr. Jourolmon) Now, I wish you would explain exactly what you mean by saying that these services are denied to intrastate passengers in Tennessee. How many stops are made in Tennessee by this train?

A. By this train they will not make any stops for any intrastate passengers. They will stop at Milan to take on or discharge interstate passengers only. They will stop at Jackson to take on or discharge interstate passengers only.

Q. Is that the way it is expressed in the official timetable of the Illinois Central Railway?

A. It is.

Q. All right.

A. Next is the Southwind.

Q. Next page No. 8.

A. No. 8 is the Southwind. It carries all of the conveniences, comforts, and safety devices that the City of Miami does, as I have just explained. The speed through Tennessee is 51.22 miles per hour.

EXAMINER McGRATH: Are you reading that into the record again? That is all set out in the exhibit.

THE WITNESS: I want to emphasize the fact it handles

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*intrastate passengers in Alabama, Florida, and Georgia. It does not handle intrastate passengers in Tennessee.

Q. (By Mr. Jourolmon) Just what do you mean by that? What stops does it make in Tennessee?

A. It makes only one stop in Tennessee and that is Nashville. It makes that stop for the purpose of taking on interstate passengers or discharging interstate passengers.

Q. Your page 9 shows the route of the Dixie Flagler, a train which is operated through the State of Tennessee by the Louisville & Nashville and N. C. & St. L. Railways. Please make any statements you wish to make with reference to the stops of that train in Tennessee, and the restrictions on service.

MR. McGRATH: That are not set out plainly in the exhibit itself.

Q. (By Mr. Jouroimon) That's right, any points that are not plainly set out in the exhibit?

A. Well, I will make this one observation for that particular train that the speed through Tennessee is 44.6 miles per hour, and as to that train and the Southwind, I will make this observation that I have personally ridden both of these trains. I don't remember the exact date at the moment, but I attended the Indianapolis meeting before the Interstate Commerce Commission and rode the Southwind from Nashville to Indianapolis and returned. When I got off the train at Indianapolis, I felt refreshed,

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and I was just as clean as I was when I *got on it. And I will say something else. It has the Pennsylvania Railroad diner, it is the Pennsylvania Railroad train, with the Pennsylvania Railroad dining car service, and you will have a most enjoyable and hospitable trip. I can say the same for the Dixie Flagler. I used that train from Nashville to Atlanta and return.

Q. What stops are made in Tennessee, and what restrictions are there upon passengers between points in Tennessee?

A. According to the published timetable, only two stops are advertised in Tennessee, Nashville and Tullahoma. Neither one of these stops are advertised to take on or discharge intrastate passengers in Tennessee.

Q. Is there any limitation to their taking on any intrastate passengers?

A. Oh, yes, there is a limitation, north of Evansville, or south of Atlanta, that is my recollection.

Q. That is for which point?

A. Tullahoma.

Q. They do stop at Nashville on all schedules?

A. On all schedules, but not for any intrastate passengers in Tennessee.

Q. Does that conclude what you have to say with reference to those three pages of your exhibit?

A. That concludes everything I wish to say in reference to those three interstate trains; they are strictly coach trains—

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*coach streamlined trains.

Q. Is there any other train operated by any other railroad, or by one of the same railroads, which has similar limitations, and if so, tell about that?

A. On my page 10 of my exhibit I show the route of the Pan American through Tennessee. That is the crack passenger train of the Louisville & Nashville Railroad. Possibly a great many of you have heard it pass through station WSM, and it is radioed all over the United States as being advertised as the crack passenger train of the Louisville & Nashville Railroad. It is not strictly a coach train; it carries sleepers and Pullmans and sections, and drawing rooms, and double bedrooms, and so on, but it does not carry any intrastate passengers in Tennessee. It will stop at Nashville for interstate passengers, or it will stop at Lewisburg only for interstate passengers, but its luxuries are denied to the intrastate passengers in Tennessee.

Q. Do you know the average speed of this train through the state?

A. The average speed of this train through the state is 43.5 miles per hour. Each of these exhibits shows that Tennessee is being discriminated against in that the Pan American will stop in Kentucky, in Alabama, and Mississippi for intrastate passengers, but not in Tennessee.

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Q. Is that all you care to say with reference to the Pan American exhibit?

A. That is all, I believe.

Q. Turn to your page No. 11, if you please. What does the design on this exhibit represent?

A. That is a geographically correct map, tracing of the map of the Chattanooga Division of the N. C. & St. L. Railway. The blue lines are the route of the Dixie Flagler, the Dixie Flyer, the Dixie Limited. The average speed of the Dixie Flagler is 44.6, and the total distance 151 miles. The total mileage of branch lines is 249.4, and the average miles per hour range from 11.4 miles per hour to 20 miles per hour, that is provided the trains are on time.

Q. That is a comparison exhibit to those which were introduced by the witness Coke?

A. Yes, but I would like to make one addition. On the bottom of this exhibit, I would like to add the following, the Centerville branch, number of miles 52, and number of stations 26, average miles per hour 14.2, if on time.

Q. Now, your page No. 12, does that sufficiently explain itself?

A. Yes, that sufficiently explains itself.

Q. It has to do with these same branches that Mr. Coke has described?

A. That Mr. Coke has described, yes sir. It shows, however, the percentage of the mileage served by mixed freight and passenger trains for the entire system of the N. C. & St. L. Railway.

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*It is noted that for the system, 33.38 per cent of the mileage on its branch lines is served by mixed trains, while as indicated by Mr. Coke in his Exhibit No. 10 for the State of Tennessee, 38.54 per cent is served by freight trains.

EXAMINER McGRATH: Freight train or mixed freight and passengers, which do you mean?

THE WITNESS: I call it a freight train with a passenger coach used in lieu of a caboose. They call it mixed train service.

Q. (By Mr. Jourolmon) Your page No. 13, Mr. Hendley, contains fastened thereto an official timetable of the N. C. & St. L. Railway. Will you turn to any page of this that you want to comment upon and point out anything that you deem pertinent?

A. I will ask that you turn to page 15-16, beginning at the Chattanooga Division, and extending to the Nashville Division. You will note that between Chattanooga and Nashville they operate six trains; five of these trains are particularly, primarily, and predominantly interstate trains, offering to the interstate passengers every convenience, not only in equipment, but as to frequency of service and time of schedules.

Q. Are any of those trains those which offer no service whatever to the intrastate passengers?

A. Only one, according to their published timetables, and if
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you will read there on No. "H," the little flag, H, 12:53 *p.m. for the Dixie Flagler, you will find it stops for revenue passengers to and from Evansville, Louisville, and beyond, and also for revenue passengers to and from Atlanta or beyond.

MR. GWATHMEY: It stops where?

MR. JOUROLMON: Tullahoma.

THE WITNESS: At Tullahoma. Something was said yesterday about the expensive pusher service over the Cumberland Mountain at Cowan. Each one of those five trains are, as I said, predominantly interstate trains.

Q. (By Mr. Jourolmon) Give them by numbers, will you, please?

A. 12, 90, 94, 4, and 92 use that expensive pusher service to get over the mountain, while No. 6, which is the only train upon which a large percentage proportion of Tennessee intrastate passengers can ride, uses that pusher service only occasionally.

MR. JOUROLMON: I don't like to interrupt, but I cannot follow you in your statement of five trains which you say do not stop at points in Tennessee.

MR. JOUROLMON: He said which are predominantly interstate trains, he says.

MR. GWATHMEY: Several of these trains, such as 90, 94, and 4—

MR. JOUROLMON: Have limited stops?

MR. GWATHMEY: Make stops at various points.

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*THE WITNESS: They are limited stops. I said predominantly, I didn't say entirely.

MR. JOUROLMON: For the record, it is your contention that there are three different types of service here shown in this one timetable, one is the 100 per cent interstate service, which is represented by the Dixie Flagler, the other one is the predominantly interstate service, which is represented by the Dixie Flyer, Dixie Limited, No. 4 and 90, and the other is the predominantly intrastate service, represented by No. 6, and the timetable rather clearly indicates that that is what the service is.

THE WITNESS: I will ask you now to turn to pages 7 and 8 of that same exhibit. You will find there coach seat fares from Chattanooga to points in Tennessee. I want to say those fares

are illegal; they have never been filed with the Tennessee Commission.

MR. GWATHMEY: They are interstate fares. From Chattanooga to points in Tennessee, isn't that an interstate movement?

THE WITNESS: Well, now, let's see, from Nashville to—I will say from Nashville to Murfreesboro, look over at Nashville.

MR. GWATHMEY: All right.

THE WITNESS: From Nashville.

MR. GWATHMEY: Well, you answer my question first.

THE WITNESS: Chattanooga would be interstate, but let's

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*look under Nashville.

MR. JOURLON: Mr. Examiner, just a little more orderly procedure, if you please. May I withdraw that answer made by the witness? I am quite willing for it to stand, but we will show that is an incorrect statement.

MR. GWATHMEY: All right.

MR. JOURLON: We will concede that the statement made with reference to Chattanooga is incorrect.

THE WITNESS: From Nashville they publish cafe coach seat fares from Nashville to Murfreesboro, Tullahoma and Cowan. Those rates are illegal, because they have not been filed with the Tennessee Commission.

Q. (By Mr. Jourlmon.) The point that you have brought to the attention of the Commission shows that, with reference to the intrastate cafe coach service, in addition to its being illegal, because that is a matter that the Tennessee Commission ought to take up?

A. It shows that they charge all the way from twenty-five cents to seventy-five cents for a seat.

Q. Are those cafe coaches air-conditioned equipment?

A. I understand that they are, I have never ridden in one of them.

Q. Do you know anything else with reference to the conveniences offered in that cafe coach service?

A. I have never ridden in them, and I cannot say. All the
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information that I could give would be hearsay.

Q. Very good. Turn to your next page of your exhibit, which is page 14.

A. That is a tariff of the Tennessee Central Railway, publishing chair coach seat rates between points in Tennessee, showing that an extra charge is made for that service.

Q. That really is pages 14 and 14-a, which are a combined exhibit, is that right?

A. That is right, yes.

Q. A combined part of your exhibit. Then you have bracketed together several pages as pages 15-a, 15-b, 15-c, and so on?

A. Yes.

Q. Will you describe what that is?

A. That is the local tariff of cafe coach seat fares between Memphis, Nashville, and the intermediate points only. That is published in N. C. & St. L. Circular R-5034. It has been filed with the Tennessee Commission, but there is no indication on the tariff to the effect that it has been filed with the Interstate Commerce Commission.

• MR. CLARK: Is the number right, 5034? I see it is 5030 here.

THE WITNESS: 5034.

EXAMINER McGRATH: What point do you make with respect to this page, or these pages of the exhibit? What is the basis of this cafe and coach seat fare?

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*MR. JOUROLMON: May I make the answer to that? That addresses itself to a question that we would argue in the brief. We have pointed out that much of this interstate service in these air-conditioned cars goes through without increased fares, whereas the same service that is offered intrastate on these cars, these cafe coach cars, which are air conditioned, and are the higher grade service, carries an intrastate increased fare charge. Those points are made.

EXAMINER McGRATH: Are these fares that you set forth on pages 15-a, b, and c of the exhibit under discussion, do they include both transportation and the seat accommodations?

THE WITNESS: No, sir, it includes—there is an extra charge for the privilege of sitting in a chair car seat.

MR. McGRATH: Over and above what you paid for your ticket?

THE WITNESS: Over and above what you pay for your ticket.

MR. JOUROLMON: That is it exactly when, as he explains on those deluxe trains, they make no such-extra charge.

Q. (By Mr. Jourolmon) That is the purpose of the comparison?

A. That was my purpose in putting it in there.

Q. Now, Mr. Hendley, let's turn to page No. 16. At that and the succeeding pages through page No. 19, you are bringing to the attention of the Commission certain excerpts from various annual reports, or recent annual reports to the various railroad stockholders. Will you make any comment which is necessary

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to make in reference to these, that is not sufficiently *shown on the face of the exhibit?

A. I simply want to point out the high lights, if I may.

Q. All right.

A. On the Southern Railway at the close of 1942, the percentage of equipment in need of repair, lowest in the company's half of century of service. Then after deducting the dividends on preferred stock, paying fixed charges, the earnings amounted to \$23.41 per share of common stock. The idea of that was to show they are not in need of additional revenue.

Q. Your second one is from the report of the L. & N. Railroad?

A. Well, the L. & N. Railroad shows the expense of operation did not increase proportionately with the earnings. The operating ratio for 1942 was 58.7, and was lower than any theretofore recorded.

MR. CLARK: That is all on the face of the exhibit?

THE WITNESS: Some of those high points—

EXAMINER McGRATH: Is that the freight operating ratio?

THE WITNESS: That is the whole thing, that is the only absolutely accurate—

EXAMINER McGRATH: That is freight and passenger combined?

THE WITNESS: That is freight and passenger; there is no allocation in that; it is just straight. It just took that much to earn a dollar. It is very strange that the president of the L. & N. in his report to the stockholders emphasized those streamlined

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coach trains continue popular. Their particular *appeal to patrons is economy in travel, fast schedules, high type coach conveniences, and provisions for seat reservations. The ratio of mechanical expense to gross revenue was lower than any previous year, but the equipment was currently maintained.

Q. (By Mr. Jourolmon) Your next one on page 18 is the report of the Illinois Central Railway?

A. Here is something that applies to all railroads. The company applied for and has been authorized to amortize over a period of five years the cost of fifty-one emergency facilities, aggregating \$16,000,000 plus.

EXAMINER McGRATH: That is all clearly set out in the exhibit.

THE WITNESS: Yes, sir. And another thing I want to set out is the fact that of the thirty-five class 1 carriers in the United States, the Illinois Central Railroad stands second highest in the dollar amount of debt retired in 1942. I think these are necessary, because there has been so much said about expenses, expenses, but they are just a means, and I am giving you the end.

Q. (By Mr. Jourolmon) Now, the excerpts that you have taken from the reports of the N. C. & St. L. Railway at page No. 19?

A. Well, they stress the fact that their rolling stock, they are permitted to charge such expenditures to operating expenses over

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a period of five years, at the rate of twenty per cent *per annum, instead of the previous depreciation rates. They buy one of those immense Diesel engines, and they amortize it in five years, and I am anxious to know just how they get it into their capital account at the end of five years when the shippers have paid for it.

Q. Is that all you want to say on that?

A. He says something that I tried to get into the record yesterday. He said notwithstanding the fact that the pay roll increases effective September 1 were approximately \$2,000,000, the percentage of operating revenue consumed by operating expenses dropped from 71.8 per cent in 1941 to 63.6 per cent in 1942. And if you add to that for nine months in 1943, it shows 63.2 per cent.

Q. In other words, the operating ratio is still on the decline, according to the last figures?

A. Yes. The president of the N. C. & St. L. has this observation to make—

EXAMINER McGRATH: Is that on your exhibit?

THE WITNESS: I just wanted to state this one little thing.

EXAMINER McGRATH: If it is on the exhibit, you don't have to state it.

THE WITNESS: No, I don't have to say it.

EXAMINER McGRATH: Your counsel can emphasize that in the brief.

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*Q. (By Mr. Jourolmon) Turn to your page No. 20, which is headed "Comparison of Expense of Maintenance of Way and Structures." Isn't this another comparison by years?

A. It is a comparison by years with the nine months of 1943.

Q. Does it sufficiently speak for itself, or is there some point that you want to derive from that?

A. I want to make this observation, that it was expected that the maintenance of way and structures would be rather high, but that is one item of expense that can be deferred, and sometimes is deferred, but it is not being deferred now, and that is, in my opinion, good common sense, good business sense, because for every additional dollar paid for maintenance of way and structures, it reduces the excess profits tax by ninety cents, or, to state it differently, they get one dollar's worth of maintenance done for ten cents, when you consider that they are all in the excess profits bracket. And I may add this one thing, and I think it is significant that the government will refund to them ten per cent of all excess profits paid—that is, after the war—if Congress doesn't change the law in the meantime.

MR. CLARK: That is a speculative statement that I do not think is material or helpful, and I move that it be stricken.

EXAMINER McGRATH: Well, that motion is denied.

MR. JOUROLMON: Mr. Examiner, I believe it is 12:30.

EXAMINER McGRATH: We will recess until 2 o'clock.

(Whereupon, the hearing was recessed at 12:30 p.m. until 2:00 p.m. of the same day.)

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*AFTERNOON SESSION

The hearing was resumed, pursuant to recess, at 2:00 p.m.

EXAMINER McGRATH: You may proceed.

J. O. HENDLEY, having previously been sworn, resumed the stand and testified further as follows:

DIRECT EXAMINATION

Q. (By Mr. Jourolmon) I believe we had proceeded in your exhibit through page No. 20?

A. Yes, sir.

Q. Page No. 21 is headed comparison of amortization of defense projects. Will you make any statement necessary to clarify any point on that page of the exhibit?

A. The idea is that as a whole \$11,143,378 in 1942 and \$10,998,803 for nine months in 1943 has been charged off to operating expenses under the rules of the Income Tax Division, or the Department of the Treasury, which has the effect of the shippers of freight in those years paying for those things at these rates shown per annum.

Q. How about passenger traffic, that is not all chargeable to freight expenses, is it?

A. Oh, no.

Q. These represent capital charges?

*[276]

A. No, they should be charged to the capital account, and *then depreciated in the old way on a smaller amount to each year, but the federal government has allowed them to amortize anything used for defense purposes, bought for defense purposes, to amortize that in five years.

Q. What is your page No. 22 headed "Comparison of Ratios of Expenses, Maintenance, and Transportation" to revenues?

A. That is to show that the revenues increased to a much

greater extent than the expenses, and included in these items were all of the expenses in addition to maintenance and transportation expenses. The fact these revenues increased and the ratio of expense to revenue decreased has the effect of compounding the increases in the net railway operating revenues. The ratio of revenues to expenses, Southern Railway, decreased from 63.3 to 52.5, the Tennessee Central from 74.4 to 66.4. The N. C. & St. L. came down from 71.8 to 63.2, while rates of revenue to transportation for Southern Railway decreased from 31.1 to 24.4, Tennessee Central from 33.8 to 28.1, and the N. C. & St. L. from 37.4 to 29.3.

Q. Now, your page No. 23 is a comparison of one carrier, the Nashville, Chattanooga & St. Louis Railway, passenger revenues, and shows certain ratios. What explanation do you have to make with reference to this exhibit?

A. That exhibit shows the ratio of expenses to the total revenues, just as far back as the record of the Commission went;
*[277]

1921 was as far back as I had the information. In *1921 the ratio of expense to revenue was 93.7, passenger revenue \$5,115,363. Of this amount \$322,268 went into net railway operating income. In 1929 the ratio of expenses to revenue was 75 per cent cent, passenger revenue \$3,909,440.

MR. CLARK: As a matter of fact, it is \$2,000,000, isn't it?

THE WITNESS: I believe it is \$2,000,000.

EXAMINER McGRATH: Is there anything to be gained by repeating those figures in the record?

THE WITNESS: It is just simply to show, Mr. Examiner, the milk in the cocoanut is the ratio of expenses to total revenue, and when in one of their highest months, 1921, where the ratio was 93.7, take the lowest month, it was only \$2,909,440, and out of

that more revenue went to net railway operating income than out of the high.

Q. (By Mr. Jourolmon) In the year of large passenger revenues?

A. In the year of larger passenger revenue. It just simply shows that it is the ratio that counts. I have used for my comparisons at the bottom of this statement the highest ratio and the lowest ratio as compared with the ratio currently of 1942 and for nine months of 1943 just to show you that.

Q. You were simply calling attention to 1921 and 1929 especially?

A. Yes, sir, I just described them in there to show the highest and the lowest.

Q. On page No. 24, just call attention to anything special on
*[278]
*that page?

A. This is the net railway operating income. That is what the property actually earns. I have compared those simply for the Tennessee Central Railway, because it was strictly a Tennessee line; for the N. C. & St. L. because it was a typical Tennessee line, and for the Southern Railway because it embraces all, or operated in all states in the Southern region.

Q. Is that all you have to say with reference to that?

A. Yes.

Q. On page No. 25 you show a comparison of the percentages of mileage for roads in Tennessee. Do you have anything to say with reference to that?

A. I have this remark to make and offer, that if you will look over the previous statements that have been filed, you will find

that those lines having the largest percentage of mileage in Tennessee show a large per cent of increase.

Q. Now, you made a comment with reference to this particular exhibit when you were first starting your testimony and were comparing the figures on pages 1 and 2—is that the page on which that comment was made?

A. That one and others.

Q. So this ties in to those other pages?

A. Showing that lines having the largest percentage of their mileage in Tennessee are, as a rule, just a little bit better off than the others.

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*Q. Now, your page 26 of this exhibit.

A. That is a statement which was filed with the Tennessee Commission attempting to allocate revenues and expenses as between freight and passenger. I wish to call attention to the fact that the total railway accrual for 1941, the per cent of increase for the total was 172.05 for the system, but for 1942 over 1941, where he showed percentages of increase for taxes allocated to passenger revenue, the increase was 326.99, as compared with 172.05 for the entire line.

Q. This is simply an exhibit which was originally filed by the carriers?

A. Yes, sir.

Q. Before the Tennessee Commission in Docket 2535?

A. Yes, sir.

Q. Together with your additions thereto?

A. Yes, sir.

Q. And computations based on it?

A. Yes, sir.

Q. All right, next.

A. My exhibit, page 27, speaks for itself, and I want to say that we all agree that the soldiers should be given preference, but I want to call attention to the fact that soldiers on furlough cannot ride the limited trains, except by paying full fare.

Q. What is page No. 28?

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*A. My page No. 28 shows the furlough fares, and it shows for whom these fares are available, and it shows also that these fares are not good on the limited trains, especially those streamline coach trains to which I have referred.

Now, I hesitate to say this, I hope I can finish this without being interrupted, but I hesitate to say what I am now constrained to say, for fear of being misunderstood or misquoted. The Tennessee Commission, like all others, wishes that the soldiers on furlough could ride free of charge, in lieu of the low fare of 1.25 cents per mile, and I sincerely hope that no action will be taken, that will have the effect of placing these low fares in jeopardy.

I seriously doubt the authority of the Interstate Commerce Commission to freeze the intrastate fares for civilians in Tennessee at 2.2 cents per mile, and continue the fare for our armed forces on furlough at 1.25 cents per mile. The Transportation Act makes no exception, and it is in direct conflict with the spirit of the Supreme Court of the United States in the case of the N. C. & St. L. vs. State of Tennessee, U. S. 362, 318.

EXAMINER McGRATH: That is argumentative.

THE WITNESS: Yes, I know it.

MR. GWATHMEY: Mr. Examiner, I ask that all reference to the fares charged to the soldiers while traveling on furlough

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be struck, for the reason that there is no proposal here to *increase those fares, and they are not in issue in the case.

EXAMINER McGRATH: I think that is understood, that is not in issue here.

MR. CLARK: We object to his testimony on that point further on the ground it is irrelevant and immaterial.

EXAMINER McGRATH: I think that objection is well taken.

Q. (By Mr. Jourolmon) Your next page is simply a dictionary definition of the word "excursion," and simply refers back to the other exhibit, and since that has been stricken, I do not think it will be admissible, so we will just pass that over. You simply were intending to introduce the definition of the word "excursion" to indicate that furlough trips do not constitute excursions, I think?

A. That is right.

Q. Page No. 30 is one excerpt, which you have taken from the order of the Commission in Ex Parte 148, which you wish to particularly bring to the attention of the Commission and speaks for itself?

A. That is right.

Q. Page No. 31, will you state what this is?

A. Page No. 31 is reports of the revenue and expenses compiled by the Association of American Railroads. It shows that for twelve months ended August 31, 1943, the railroads in the Southern District earned 7.07 per cent upon the book value of their property.

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*Q. Is that the only figure that you wish to call attention to on that?

A. Yes, sir.

Q. The exhibit also shows the revenues and expenses and net railway operating income of the class 1 railways?

A. Yes, sir.

Q. What is page 32?

A. Page 32 shows the rate of return on property investment for the same lines for the calendar year of 1941 to be only 4.35 per cent.

Q. Now, is that all of your exhibit, Mr. Hendley?

A. Yes, sir.

Q. In your experience as rate expert for the Tennessee Commission, have you had any experience with the abandonment of local service in the State of Tennessee by various carriers?

A. You mean abandonment of service, you mean abandonment of railway property?

Q. Of railway properties, trains, stations, and other matters of that sort?

A. I have for trains. We have no jurisdiction over the operations of trains other than the taking off of all passenger service. As for station, we have before us practically all the time petitions to abandon a station, especially the depot.

Q. Approximately how many such cases has the Commission
*[283]
entertained within the course of the past year or so?

A. Within the course of the past year or so, we have had, I think, two or three stations on the I. C., two or three on the L. & N.,

one or two on the C. N. O. & T. P., and I should just guess in round numbers about thirty on the N. C. & St. L., that is for changing—in other words, to either abandon or tear down the depot itself and build a shelter in lieu thereof.

Q. How long or over what length of period has this program of curtailment of service been going on?

A. Ever since the depression started.

Q. Were you with the Tennessee Commission at the time that the 1.5 cents coach fare was established by certain carriers in Tennessee?

A. I was.

Q. What period was that?

A. I couldn't give you the exact period.

Q. Did you hear the testimony of Mr. Gaffney?

A. Yes, sir.

Q. Was that roughly correct as to the time?

A. I would be perfectly willing to accept his statement with reference to that.

Q. Will you state for the record what, if any action, was taken by the Tennessee Commission in the approval of these fares?

A. My recollection is that they first wanted to put in experi-

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*mental fares on certain branches, or at certain main line points, or I mean on certain divisions. And their argument for asking for that was that they were hauling empty coaches, and that they could have a few passengers in those coaches at no extra expense. But the Tennessee Commission ruled, if I remember correctly, and I am sure I do, that they could not put them in on one division and not on another, that they should take it all or none.

Q. Is that the only provision which the Tennessee Commission made at that time?

A. That is the only provision that I can remember right now.

Q. Since we met yesterday have you made any effort to find out whether the movement of troop trains in the aggregate constitutes a military secret?

A. I was advised by a member of the Transportation Committee appointed by the Governor, I believe, that while it would be a military secret for a month or two after it happened—

Q. You mean a particular movement, or you mean lots of movements?

A. Any movement, you mustn't say anything about it until for some months afterwards, but it was not a military secret four or five months after it happened.

MR. GWATHMEY: Mr. Jourolmon, will you permit me to interrupt and make a statement at this point, which may perhaps save further discussion of this kind?

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*MR. JOUROLMON: You can interrupt, yes, and I will be glad to hear your statement.

MR. GWATHMEY: Now, Mr. Examiner, in view of the fact that the question has arisen as to the propriety of putting in testimony concerning the movement of troop trains, and in view of the fact that counsel for the Commission has insisted that he will ask for a ruling from the Interstate Commerce Commission—

MR. JOUROLMON: I am not going to do that any more. I have got the information, so why should I?

MR. GWATHMEY: Let me finish, if you don't mind.

MR. JOUROLMON: Go ahead.

MR. GWATHMEY: We would prefer to ask that Mr. Gaffney's testimony as to the number of troop trains which were handled by his railroad during certain months be considered as withdrawn altogether from the record in the case. I do not consider it a matter of any material importance.

MR. JOUROLMON: I object to withdrawing any of that information from the record, as I do consider it a matter of considerable importance. It was originally placed in the record by the carriers, evidently without consideration of just what was involved, and without realizing that they were simply showing the great expense of interstate traffic, great additional expense of interstate traffic, and now that they have discovered the effect
*[286]
of what they put in the record, *they want to withdraw it.

MR. GWATHMEY: No, I am simply withdrawing it in order to avoid this further controversy and discussion on the subject and efforts to obtain rulings.

MR. JOUROLMON: There will be no necessity for any ruling.

MR. GWATHMEY: We have a right to ask that I be permitted to withdraw that testimony, and I now make that request.

MR. JOUROLMON: If that is done, I will simply have to call him as my witness and ask him to put the testimony back in, Mr. Examiner. It is already in the record; why withdraw it?

MR. GWATHMEY: All right, either way suits me, Mr. Examiner. I am perfectly willing to have it struck out of the record altogether.

Q. (By Mr. Jourlmon) Proceeding from the point where you had arrived, as I understand, you had just stated that general information about troop movement several months after the event is not a military secret, or secret military information?

A. I was so informed by a member of the Governor's Transportation Committee.

EXAMINER McGRATH: By "several months," what do you mean? That is rather general.

THE WITNESS: Three or four.

MR. JOUROLMON: Off the record.

(Discussion off the record.)

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*Q. (By Mr. Jourolmon) Was the particular member of the Transportation Committee or the State Defense Council a representative of one of the carriers which is a party to this suit?

A. He was.

Q. Please state his name?

A. Major Rutledge Smith.

Q. Who is he, and what capacity does he occupy or serve in with one of the carriers which are parties to this suit?

A. Assistant to the president of the Tennessee Central Railway.

Q. Did he give you the information as to whether troop movements in the State of Tennessee in the aggregate are interstate or intrastate, not with reference to any recent movements, but over the period of the past?

A. He stated positively that each and every movement was an interstate movement.

Q. You followed the testimony of Mr. Gaffney with reference to the unusual expenses incurred by the carriers in connection with passenger train operations under present conditions.

Have you gone over those various points? What was the first one of those points, the matter of troop trains?

A. The matter of troop trains—

Q. Will you refer to page 10 of—

EXAMINER McGRATH: Just a minute.

(Discussion off the record.)

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Q. (By Mr. Jourolmon) Please state whether the items of expense which are referred to in Mr. Gaffney's testimony are predominantly interstate or intrastate in nature, with reference to troop movements, troop transportation in the first place?

A. It is predominantly, and I am informed and believe it is entirely interstate.

Q. Now, with reference to the use of protection for military movements, military personnel, in order to take care of the government requirements and afford protection to these troop movements, is that in interstate or intrastate?

A. It is predominantly interstate.

Q. With reference to the increase of the personnel in the general offices, what is that, predominantly interstate or intrastate?

A. I couldn't answer that, because all classes of people are traveling, and I couldn't say that, in connection with that particular item, whether it is interstate or intrastate.

Q. The matter of remodeling and modernizing the equipment, has that been predominantly for the interstate passengers or for the intrastate passengers?

A. Well, I should say that that would be upon the ratio of the interstate movement to that of the intrastate movement, and the figures have been presented by someone, showing how much

passenger revenues were interstate, and how much were *intra-state.

MR. GWATHMEY: Mr. Examiner, I think it only proper to point out that Mr. Hendley is apparently dealing with this testimony as though it related only to the State of Tennessee. I call your attention to the fact that Mr. Gaffney's statement upon this subject is not confined to the N. C. & St. L. nor to the movement of traffic into or through the State of Tennessee or within Tennessee. It was a general statement relating to all of the railroads under present conditions.

Q. (By Mr. Jourolmon) Having heard this explanation, and having had these different points pointed out to you, do you see any necessity for changing your testimony, Mr. Hendley?

A. I see no necessity for changing it, and I will add that in the last analysis the net railway operating income is what counts, and I have put that in the record.

Q. Well, in your opinion as an expert, and taking into consideration all of these different conditions of transportation which have been described, do the standards and conditions of rail transportation offered to the average passenger traveling intra-state in Tennessee differ from those offered to the average passenger traveling interstate sufficiently to justify a difference in basic coach fares?

A. Passengers are not like hogs, cattle, or dead freight. They are free agents; they can travel on a train or not, as they see fit,

and for that reason it depends to a large *extent upon the facilities offered as to whether or not they will travel at all. I have read with much interest the Federal Coordinator of Transportation's conclusion on his passenger traffic survey. Here are some of the conditions, or some of the fundamentals that he refers to as those which must be taken into consideration in considering a

passenger fare; air conditioning, modernized cars, speed, reduction in fares, safety—that should have come first—accessibility, hospitality, convenience, comfort, frequency, reserved accommodations, deluxe service, buffet and tavern service. And considering those fundamentals, I would say that interstate travelers into, out of, and across Tennessee should pay a much higher fare than the average local passenger in Tennessee.

MR. JOUROLMON: You may examine the witness.

CROSS-EXAMINATION

Q. (By Mr. Gwathmey) Mr. Hendley, suppose that this coach fare of 2.2 cents per mile should be maintained as it is being maintained interstate all through the Southern territory, and should also be maintained intrastate in all of the other Southern States. Would you still say that there are some conditions peculiar to the State of Tennessee which would require the maintenance of the lower fare intrastate in this state?

A. I certainly would. The geographical location of Tennessee is such that, as explained in connection with the streamlined

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*coach, no extra fare, reserved seat trains, that I think we can find absolutely nothing in the Transportation Act which says uniformity is the correct basis for rates.

Q. You are apparently willing and desirous of having the State of Tennessee, we might say, removed from the rest of the South, so far as this particular situation is concerned, is that correct?

A. No, sir, I think the State of Tennessee is the finest state in the Union.

Q. I am almost prepared to agree with you, not quite. You recall that Mr. Coke testified that he made these trips over various

branch lines of the N. C. & St. L. at your request. Apparently he did not make a trip over the Pikeville branch. Did you request him to make an inspection trip on that branch?

A. I did not.

Q. If he had made such a trip over that branch, would he not have found exactly the same sort of mixed train service?

A. I have no idea except that a mixed service is being given to the public on the Pikeville branch.

Q. You know that to be a fact, do you not?

A. I know that that is what they advertise in their timetables.

Q. Will you tell me why you did not tell Mr. Coke to make an inspection of the Pikeville branch?

A. The through traffic, that is from end to end on that branch, is interstate.

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*Q. Exactly.

A. The local traffic on that branch is distinctly intrastate.

Q. The Southern terminus of the Pikeville branch, that is the junction point with the main line, is across the state line in Alabama, isn't it?

A. I said it was interstate.

Q. So it is really an interstate branch, you might say?

A. Not as to local traffic.

Q. Now, you didn't ask Mr. Coke to make an inspection trip over the Huntsville branch, did you?

A. I think there are just about two miles of that branch in Tennessee.

Q. Exactly.

A. So I didn't think it was necessary.

Q. It extends on down to Huntsville, doesn't it?

A. It extends on down to Gadsden, Alabama.

Q. Isn't there exactly the same sort of mixed train service on that branch as on these other branches?

A. I don't know if it is the same sort at all or not, but I know it is advertised as being a mixed train service.

Q. Nothing but a mixed train service. That is also an interstate branch, isn't it, in that it extends outside of the State of Tennessee?

A. It is. Only a little over two miles of it are in Tennessee. For that reason I didn't think two miles were worthy of being

*[293]

*investigated.

Q. If you take all of these branch lines together, which you have enumerated on your exhibit, and add up the total revenue derived from passenger operations on those branches combined, if I tell you that it represents not more than \$500 a month altogether, would you think that an excessive figure?

A. I take the position that in view of the fact that the coach is used in lieu of a caboose, that that mixed train is operated as a freight train, and there is no extra charge for those passengers that you get there, and it is just a pickup.

Q. You have not answered my question. Would you question my statement that the combined revenue from passenger operations on all of those trains put together would not amount to more than \$500 a month?

A. I have not been on any of those branches. I am not qual-

ified to say whether it is correct or not correct, but I have no reason under the sun to dispute your word.

Q. Yes, sir. Now, in connection with the second page of your exhibit, you rather emphasized the fact that the Tennessee Central, whose lines happened to be located entirely in the State of Tennessee—

A. Yes, sir.

Q. —showed a very marked increase in passenger revenues in 1943 over previous years. And isn't it true that there is a very large military encampment known as Camp Campbell at

*[294]

*Hopkinsville, or near Hopkinsville, Kentucky?

A. The rail head for Camp Campbell is in Tennessee.

Q. What?

A. The rail head for Camp Campbell is in Tennessee, and when the Tennessee Central Railway issued a tariff showing rates to and from Camp Campbell as being the same as some point in Kentucky, I immediately made him change it. I told him we were not going to have any Tennessee point, have the rates constructed to a Tennessee point on the basis of some point in Kentucky.

Q. What was your purpose in having that changed?

A. Because we wanted to have jurisdiction over them.

Q. I see. Now, isn't it a reasonable assumption that a very large part of that increased revenue of the Tennessee Central Railway in 1943 grew out of the handling of military traffic to and from Camp Campbell?

A. I have nothing upon which to base a reply, I know nothing of that, except I do know that at Camp Campbell there is quite a military establishment. What it does, I don't know.

Q. And you are not willing to agree that it is at least probably that a very large part of that increased revenue which the Tennessee Central Railway derived was in connection with traffic to and from that camp?

A. I would not be at all surprised if some of it wasn't due to that camp.

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*Q. It was at least important enough to cause your state commission to want to acquire jurisdiction as you have just stated?

A. We would have done that, had there not been a half dozen people there.

Q. While you are indicating to the Examiner, let me say that some of these railroad men tell me that Edgoten, Kentucky, is the station for Camp Campbell?

A. That is what the Tennessee Central tried to make it, but we wouldn't let them. The rail head is in Tennessee.

Q. How is traffic destined to or from the camp billed?

A. I don't care how it is billed; Tennessee rates apply.

Q. You don't know whether it is billed to Edgoten or Hopkinsville, or where it is billed?

A. All I know is we would not let them put the rail head over into Kentucky, when it was in Tennessee.

Q. Is Camp Campbell a pretty large camp?

A. I have never been there.

Q. Aren't there some 60,000 or more men up there?

A. I have no idea.

Q. Will you turn to page 15 of your exhibit, which is a tariff of the N. C. & St. L., publishing their cafe coach seat fares?

A. Yes, sir.

Q. You stated, as I recall, that this tariff has never been filed with the Interstate Commerce Commission?

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*A. I said the copy on file in my office did not indicate that it had been filed.

Q. This tariff which you have produced is dated August 1, 1934?

A. Yes, sir.

Q. I will ask you to look at the current tariff which is effective August 10, 1940, and say whether or not it bears an I. C. C. number, "A-2481," cancelling I. C. C. number A-2392, thus showing that it is on file with the Interstate Commerce Commission.

A. Has this tariff ever been filed with the Tennessee Commission?

Q. Well, I don't know.

A. I will say it has not been filed with the Tennessee Commission. I would rather Mr. Gaffney would—

Q. I am merely calling your attention to the fact.

A. The tariff that you have shown me indicates that it has an I. C. C. number.

Q. Yes, sir.

A. I will say that.

MR. JOUROLMON: Is it an intrastate tariff or an interstate tariff?

THE WITNESS: I don't know. The tariff I have given reference to was the local rates in Tennessee.

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EXAMINER McGRATH: That is the current tariff, isn't it?

THE WITNESS: This tariff that I have right here.

MR. McGRATH: That is what I mean, the one that is excerpted at page 15 of your exhibit?

THE WITNESS: Yes, sir.

EXAMINER McGRATH: That is the current tariff?

THE WITNESS: That is current in Tennessee, yes sir.

MR. GWATHMEY: The tariff which I have shown Mr. Hendley bears exactly the same title and description as the tariff which he introduced. It reads "Local tariff of cafe coach seat fares between Chattanooga, Tennessee, and Memphis, Tennessee, and intermediate points, effective August 10, 1940."

MR. JOURLOMON: This is a different tariff.

MR. GWATHMEY: What did you say?

MR. JOURLOMON: This is a different tariff. This is between Memphis, Tennessee, and Nashville, Tennessee, and intermediate points.

MR. GWATHMEY: This reads "between Chattanooga, Tennessee, and Memphis, Tennessee, and intermediate points." This is the current tariff, Mr. Examiner, and if there is any question about it, it can be verified from the files of the Interstate Commerce Commission. I have given the I. C. C. number.

THE WITNESS: It is not the current tariff on Tennessee intrastate traffic.

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*Q. (By Mr. Gwathmey) Now, Mr. Hendley, you have pro-

duced as an exhibit a timetable of the Nashville, Chattanooga & St. Louis Railway. Will you tell me any place in that timetable at which it is stated in terms that the schedules and trains are not available for intrastate transportation in Tennessee? If it is in there, please show it to me.

A: The arrival and departure of those trains at each station, as set out in that timetable there, plainly indicate whether or not an intrastate passenger can ride.

Q. Quite so. But is there anything in the tariff which says that it will not apply, in the schedule, which says that it will not apply in connection with intrastate passengers?

A. The Dixie Flagler says so, in terms, yes.

Q. Where? You mean that note H?

A. Under H.

Q. That symbol tells where the train will stop to take on passengers?

A. Yes, sir.

Q. It doesn't say anything about interstate or intrastate, does it?

A. There are two points shown there in Tennessee, one is Nashville.

Q. In other words, don't you mean this—

A. No, I'll tell you what I mean.

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*Q. All right.

A. I mean that is the way that they advertise, and they cannot handle an intrastate passenger in Tennessee, because there is only one stop made, and that is at Nashville.

Q. All right. Now, are you sufficiently familiar with the trains of the N. C. & St. L. Railway to say whether or not one of the trains which probably handles more passengers than any other train is the so-called Dixie Flyer?

A. It has been some time since I have ridden on the Dixie Flyer, and I couldn't say.

Q. You don't know whether they handle a lot of passengers on that train?

A. Not of my own knowledge, no, I don't know.

Q. Well, now, that is train No. 94, and, according to this timetable, the Dixie Flyer is scheduled to stop either on signal or regularly at any number of points in Tennessee, is it not?

A. But not nearly so many points as your No. 6 and No. 7, which is what I would call the old-fashioned accommodation train.

Q. That is a local, isn't it?

A. Yes.

Q. Would you expect a through train like the Dixie Flyer to make as many stops as a local train?

A. No, because it is strictly an interstate train, predominantly!

*[300]

*Q. Why do you say it is strictly an interstate train predominantly, when the schedule shows it can be used and is used in Tennessee?

A. Because it won't stop at the stations to take on intrastate passengers.

MR. GWATHMEY: All right, sir. I think that is all I want to ask him.

Q. (By Mr. Clark) Mr. Hendley, let's see if I understand you. It is your testimony that there should be higher passenger rates charged on the so-called deluxe trains that you refer to?

A. My testimony looks to the fact that the railroads have voluntarily put those trains on, and they fixed the fare, including all of these comforts and conveniences, even to a tavern car, and that they have fixed the fare at 2.2 cents per mile, and that the rates, according to the coach rates in Tennessee, should be less than that.

Q. Then, your answer to the question is "Yes"?

A. My answer to the question is that you having fixed that as an interstate fare, that you cannot—you fixed that as an interstate fare, and before the Interstate Commerce Commission can raise the intrastate rates to the level of that interstate fare, they must prove, or we must prove a vast difference in the transportation condition, which we have proved.

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*MR. CLARK: Will you go back and read my first question, please? He hasn't touched it yet.

(Question read.)

THE WITNESS: My answer is that there should be a lower fare on the trains in Tennessee.

Q. (By Mr. Clark) Well, then, there should be two levels of fares, one on the deluxe train running into Nashville and stopping to let off passengers, you would have one fare, and the train carrying passengers from Nashville to Murfreesboro should have another level of fares, a lower one, is that right?

A. No, I should think so.

Q. All right.

A. You are asking for a 2.2—

Q. Now, wait a minute, Mr. Hendley. I am not discussing the thing in that detail. I am asking a particular question based on your testimony.

A. What is it?

Q. Just exactly as I said at the outset, do you think that the train, discharging the passenger from a deluxe train at Nashville should have one level of passenger rates, and the train operated from Nashville, we will say, to Tullahoma, or some other point within the state should have a lower rate?

A. The deluxe trains do not discharge or take on intrastate passengers at Nashville.

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*EXAMINER McGRATH: Well, your answer is not responsive to the question. Read the question, Mr. Reporter.

MR. CLARK: It is the first question all over again, Mr. Examiner.

MR. JOUROLMON: The first question has been answered.

MR. CLARK: No, it hasn't.

MR. JOUROLMON: Once or twice. Clearly he said that "I think there should be a lower fare on these other trains." If that doesn't answer the question—now, it has simply been repeated.

MR. CLARK: Will counsel say then that there should be a difference in level of the two services, one should be higher than the other?

MR. JOUROLMON: Counsel will speak to the Commission, and not to you.

MR. CLARK: Well, I asked the counsel if counsel would make that answer.

MR. JOUROLMON: No, I will not. When it comes to taking a position before the Commission, I will take the position I want to with reference to this or that, regardless of what the witness says. That is all there is to that.

MR. CLARK: I will come back and ask it again.

MR. JOUROLMON: The witness has answered the question.

EXAMINER McGRATH: It is not clear to me that he has.

MR. CLARK: He is far from answering it. May I ask it
*[303]
*again? In fact, may I go back and ask the reporter to read the first question?

EXAMINER McGRATH: Read the question and answer briefly and to the point.

MR. CLARK: Which we are floundering on.

(The question was again read.)

MR. JOUROLMON: Read the answer, and let's hear his answer to that.

MR. CLARK: There are several pages to that.

MR. JOUROLMON: Let's hear it.

EXAMINER McGRATH: Answer the question directly to the point at this juncture. If you want to qualify it, all right.

THE WITNESS: I will qualify it.

EXAMINER McGRATH: Answer it directly first.

THE WITNESS: Directly, it is—read it, it is just one or two pages.

EXAMINER McGRATH: No, we want you to answer now on the record, a direct answer to that question if you will, please.

THE WITNESS: Considering all of the comforts and conveniences and safety, hospitality, which the streamline coach trains offer, I think that their rates on those trains should be higher than the rates on the average passenger trains in Tennessee handling local traffic.

Q. (By Mr. Clark) Now, you mean that we should on the Southern Railway charge a higher rate on our Tennessean, for example, *between Johnson City and Knoxville?
*[304]

A. I am not familiar with that train.

Q. Have you never heard of the Southern Railway train, the Tennessean?

A. I may have heard of it, but I am not familiar with it, and besides it is not a streamlined coach train strictly.

Q. Mr. Hendley, may I ask you to refresh your recollection if it does not carry coaches with reserved seats, a tavern car, and most of the trimmings that you have referred to?

A. And in addition to that your folder shows it carries sleepers and parlor cars.

Q. Then you do know what the train carried. Why did you tell me you didn't?

A. I told you I was not familiar with it, and all I know about it is what I read in the timetable.

Q. Then if the timetable that you refer to shows it is a coach train, has reserved coaches, and tavern cars, are you proposing

that a higher rate should be charged from Johnson City to Knoxville?

A. No, I am proposing that the intrastate rate in Tennessee be lower than 2.2 cents per mile.

Q. That train known as 46 and 45 operates from Bristol through Chattanooga, does it not?

A. I haven't your timetable.

Q. You say you know all about the trains and service. Surely

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*you must know about that one?

A. I simply read the contents of that train to find out whether or not it was a streamlined coach train.

Q. Then you spoke in your answer to me a moment ago, you used the expression, "Average intrastate passenger in Tennessee." What is your idea of an average intrastate passenger in Tennessee?

A. I think right now 1.5 cents per mile would be the proper fare to charge in Tennessee.

Q. My dear sir, it might be one cent, but that is not the question I asked you. I said, "What is your idea of an average intrastate passenger in Tennessee"? You used the expression two or three times.

A. Take all of the trains that are operated in Tennessee upon which it is advertised that local passengers can ride intrastate, and I think there should be one fare.

Q. I am not asking you about the fare?

A. Of 1½.

Q. I am not asking you about the fare. You have compared passengers, interstate passengers, and intrastate passengers, and

in response to your counsel's questions, you used the expression, "Average interstate passenger, and the average intrastate passenger." You used them both, and I asked you what is an average intrastate passenger in Tennessee.

A. About the same as an average interstate passenger in

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*Tennessee; the passengers are the same.

Q. Then you made no distinction, using the inter in one and intra in the other?

A. Well, we are proposing to show you that the service offered to the intrastate passengers in Tennessee is not up to the service that you offer interstate passengers into and out of and across Tennessee.

Q. All right. Again I say what is the intrastate average passenger and the interstate average passenger?

A. I did not use the word—

Q. What kind of citizen or what kind of traveler have you in mind?

A. I should say a cross between the passenger service furnished in those cafe coach cars of the N. C. & St. L. Railway and the service handled on the branch lines.

Q. Your testimony seemed to indicate, and you did put forward that these branch lines on the N. C. & St. L., which were mentioned, should not be charged as high a rate as the deluxe trains. Were those the services and passengers and travelers that you had in mind as average intrastate passengers?

A. No, sir, I had every passenger that moved intrastate in Tennessee.

Q. Look at page 10 of the Southern Railway's folder, at the bottom.

A. I haven't it.

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Q. Marked "Tennessean." It says there, "Streamlined coach train between Washington and Memphis," is that right?

A. I don't know.

Q. Don't it say that? You said you had it?

A. No, I don't have it.

Q. Oh, well, I will let you see it.

A. What train is it?

Q. The Tennessean, at the bottom of the page in both places. Don't it say it is a streamlined coach train? Of course, it has in it some parlor cars, Pullman and sleepers on it, one comes to Nashville?

A. That is what I told you, it was not strictly the streamlined coach train.

Q. It carries all of the detail of tavern car and reserved seats that any other streamlined train carries, doesn't it?

A. But it is not a streamlined coach train strictly, and they are the ones I am making the comparison on.

Q. You did on page 28 of your statement refer to the Southern Railway trains 47 and 48, the Southerner, you picked that out, showed it, didn't you? How did you happen to know about it, and didn't know about the Tennessean?

A. I copied the tariff, furlough tariff.

Q. On what?

A. The furlough tariff, furlough rates, that was the note in

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the furlough tariff that said you would not let them ride *on that train.

Q. But you did refer to it on that sheet of your exhibit?

A. I made a copy of the tariff.

Q. Just referred to it?

A. If it happened to be there.

Q. It is referred to on that page?

A. It was in the tariff, and we put it down. If I had not put it down, I would have been wrong.

Q. Don't you know that train does not touch the confines of Tennessee?

A. No, sir.

Q. In either direction?

A. No, sir, I don't know anything in the world about it.

MR. JOUROLMON: What train are we talking about?

MR. CLARK: I am talking about two trains, the Tennessean between Washington and Memphis and the Southerner between Washington and New Orleans. He refers to one and omits the other.

MR. JOUROLMON: Which one did he refer to?

THE WITNESS: I simply put it—

EXAMINER McGRATH: It is on page 28 of this exhibit?

THE WITNESS: Page 28 of the exhibit is just a copy of a tariff.

Q. (By Mr. Clark) Now, Mr. Hendley, at page 17 of your exhibit you referred to an operating ratio of the N. C. & St. L. Railway of 58.7 per cent. Do you remember that?

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*A. What number?

Q. Page 17, as I recall it, up at the top of the page, lefthand corner, if I recollect rightly.

EXAMINER McGRATH: 58.7.

THE WITNESS: 58.7.

MR. CLARK: 58.7.

Q. (By Mr. Clark) Do you see it there?

A. Yes, sir; I see it.

Q. Do you know how that operating ratio is arrived at, by what mathematical calculations?

A. No, I don't. All I know is that that statement was made by the president of the L. & N. Railroad, president of the Louisville & Nashville Railroad, and he stated in his annual report to stockholders that it was lower than any theretofore recorded.

Q. Now, then, if you made any observations of your own as to what that operating ratio meant, we are justified in assuming you know nothing about it, that that was a mistake on your part?

A. I know what the operating ratios are, and I put them in there.

Q. You made a statement that that represented so many cents out of every dollar. Now, if you don't know how you arrived at that figure, how do you know that is true?

A. Because your expenses were so much, and your revenues were so much, and if your revenues are such and such a percentage

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*of your—I mean if the expenses are a certain percentage of the—no, the operating ratio, of expense to revenues, that means it just takes so much to make a dollar.

Q. That was the statement you made, and that is exactly the reason I am examining you about it, because you have used "ratios" quite frequently?

A. Yes, sir.

Q. And I wanted to see if we are thinking about the same thing. Now, the operating ratio is total operating revenues divided into the total operating expenses, isn't that the way you obtain operating ratio?

A. I believe it is, yes.

Q. Then that would not include all elements that a railroad has to pay to make a living, for instance, what about taxes?

A. Taxes are included in there.

Q. Oh, no, taxes are not included in the operating expense. Surely you don't say that.

A. I think they are.

Q. Your statement is then that taxes are included within the operating expenses?

A. I have given you the information that I gathered from the reports to the Interstate Commerce Commission. They speak for themselves, and they will tell you exactly what it is.

Q. You made an observation in that connection that I think you are mistaken on.

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*A. I don't think so.

Q. Well, then if you say the taxes are included in operating

expenses, I am sure you are mistaken, because if you will turn to the last two pages of your exhibit, 31 and 32, you will find that they are not included in operating expenses. You might turn to them to refresh your recollection. You will find rents and taxes bring you down to what is known as "net railway operating income," which is a wholly different thing from the gross operating revenues and gross operating expenses, by which you obtain the operating ratio.

A. The operating ratio, I think, is from the net railway operating income.

Q. Well, if that is your idea of it, we will let that answer stand. Now, one more thing. You said that your jurisdiction, speaking of your Commission, went to the consideration of the taking off of passenger service where it was the last service on a given line. Was that right?

A. In order to get at that, why the roads were afraid that if they were to take—abandon all passenger services, that it would injure their charter rights, so an Act was passed through the Legislature permitting them to abandon all passenger train revenue under certain circumstances.

Q. Now, so much for that.

A. And the Commission should be the judge.

Q. Yes, sir, but you in your direct testimony said that your

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*jurisdiction, as I understood, was limited to that last passenger train service.

A. We have nothing to do with the operation of trains except that they must not discriminate.

Q. Now, let us take a case of where there are two trains in each direction, and the railroad proposes to take off one pair of trains. Would that operation be done without consulting you,

and you will have no jurisdiction in the premises, is that your testimony?

A. That is my understanding of the law.

MR. CLARK: That clears up a very much puzzling question that has puzzled me very much in the past. Thank you very much.

MR. GWATHMEY: In order to keep the record straight, I think it should be mentioned that the operating ratio of 58.7 per cent was that of the L. & N. Railroad Company, and not of the N. C. & St. L. Railway, as shown on page 17 of Mr. Hendley's exhibit.

MR. CLARK: I was stating it from memory.

EXAMINER McGRATH: Are there any further questions on cross-examination?

(No response.)

EXAMINER McGRATH: Is there anything further on re-direct?

MR. JOUROLMON: Yes, one or two.

REDIRECT EXAMINATION

Q. (By Mr. Jourolmon) Mr. Hendley, let's turn back to page 15 * of the timetable of the N. C. & St. L. Railway. Referring you to the schedules of the Dixie Flyer, train No. 94 on this, how many unlimited stops are made by the Dixie Flyer in Tennessee at which it can pick up intrastate passengers?

A. That is 94?

Q. Yes, on 94.

A. Seven, including Nashville.

Q. Wait a minute. How many unlimited stops?

A. Oh, unlimited stops.

Q. How many unlimited stops can it make?

A. Nashville, Murfreesboro, and Tullahoma.

Q. Just three stops?

A. Yes.

MR. GWATHMEY: May I ask what Counsel means by an unlimited stop?

MR. JOUROLMON: Well, I mean by an unlimited stop a stop in which a passenger does not have to wave a flag, ring a bell, park an automobile in front of the train or something like that to make it stop.

MR. GWATHMEY: You mean a regular stop?

MR. JOUROLMON: Yes.

MR. GWATHMEY: As distinguished from a flag stop, is that it?

MR. JOUROLMON: Yes.

Q. (By Mr. Jourolmon) What is involved in having intra-
state *service between any other points on that carrier, that particular schedule?

A. There are three other stops—four, four other stops that bear the signal "fx" stops, No. 94 stops at Cowan, Decherd, Wartrace, Smyrna, Tennessee, to let off revenue passengers from points beyond Chattanooga, Tennessee, and to receive revenue passengers for Evansville, Louisville, Memphis, and beyond.

Q. So those are interstate stops?

A. With the exception of Memphis.

Q. A person could go from one of those points by way of Nashville and down to Memphis?

A. Yes, sir.

Q. Is that the same with reference to those other trains on that Division, or are there other trains that have regular stops at all of those points?

A. That train that goes through in the night, leaving Chattanooga at 1.35 a.m., getting to Nashville at 6:40 a.m., has seven regular stops.

Q. So it is possible for an intrastate passenger to travel in the small hours of the morning and make local stops intrastate, is that right?

A. Yes.

Q. All right. Now, there was a great deal of cross-examination on the simple point of the average rates. Are the rates in Tennessee and in the South and in the country as a whole established on the basis of a separate rate for every train, depending on the facilities offered?

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A. It depends upon what kind of a car you ride in. If you ride in a Pullman or parlor car, you pay about half as much again as you would in the day coach.

Q. Taking the day coach service, is there a separate fare for every train of the different railroads over the country, for day coach travel?

A. Not that I know of.

Q. I asked the question of Mr. Gaffney, and he never had

heard of this idea, when I said aren't rates made on the basis of an average, a composite, and he was astounded at the thought. Do you understand what I mean by saying that rates are made by a composite process, or an average of cost?

A. With passengers, they being free agents, to do as they please, I think the rates are made upon just—you might say as high as business will stand, just as high as you can get them to ride your train.

Q. You don't know what I mean then by saying that fares and other rates are established on the average of the service that is rendered?

A. I don't think so.

Q. All right.

A. I want to qualify that last answer, except as to where there
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*is such a vast difference and where all of those fundamentals that I said were considered. When you have one train that gives you everything that is nice and proper and hospitable, why it is certainly worth more on that train than it would be in any other train, and the railroads themselves by charging extra fares when you get in an air-conditioned car acknowledge the fact that it is worth more. They consider it is worth more to ride in an air-conditioned car than they consider it worth to ride in a day coach not air conditioned.

EXAMINER McGRATH: Are there any further questions now?

MR. JOUROLMON: Go ahead and clear me up, Mr. Clark.

EXAMINER McGRATH: No, I prefer that you continue.

MR. JOUROLMON: I am through, but he said he wanted to clear me up.

MR. CLARK: I wanted to ask Mr. Hendley this question, which I think will clear it. The basic passenger fare has been prescribed by the Interstate Commerce Commission, and the State Commissions for years and years, has it not?

THE WITNESS: It has been permitted.

MR. CLARK: It has been really prescribed.

THE WITNESS: I think it has been permitted.

MR. CLARK: Hasn't the Interstate Commerce Commission passed on that by decisions?

MR. McGRATH: Is there any need to argue that point with the witness?

MR. CLARK: I thought perhaps I could refresh his recollection. *^[317] We will pass it up with that.

EXAMINER McGRATH: Are there any further questions of this witness?

MR. JOUROLMON: No more.

EXAMINER McGRATH: You are excused.

(Witness excused.)

EXAMINER McGRATH: Exhibit 11 will be received.

(Exhibit 11, witness Hendley, received in evidence.)

EXAMINER McGRATH: Does that complete the testimony on behalf of the Tennessee Commission?

MR. JOUROLMON: No, I think I ought to make a little statement.

EXAMINER McGRATH: We will take a brief recess.
(Short recess.)

LEON JOUROLMON, JR., was sworn and testified as follows:

DIRECT EXAMINATION

THE WITNESS: Mr. Examiner, my name is Leon Jourolmon, Jr. I am appearing here as Counsel for the Railroad and Public Utilities Commission of Tennessee. I am also a member of the Railroad and Public Utilities Commission of Tennessee, and have been since November 17, 1936.

In the course of the testimony of Mr. Gaffney yesterday, the question came up as to the notice of the action of the Interstate

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*Commerce Commission with reference to the original petition filed by the carriers for the purpose of increasing the basic interstate coach fares from 1.65 cents per mile to 2.2 cents per mile. At this time the statement was made that I as a member of the Tennessee Commission sat with the Interstate Commerce Commission in Ex Parte 148, and accordingly should have known of the action taken by the Commission in that matter.

I simply wish to clarify this point. I sat, by invitation of the Interstate Commerce Commission, as a cooperating Commissioner in the original hearing in Ex Parte 148, which was held in St. Louis in the early part of 1942.

Thereafter I sat in the reopened proceedings which was held in Washington, D. C., in February, 1943. The cooperating committee was not called by the Commission at the time it considered the petition asking for the increase of southern coach fares. I received no notice of the fact that this was a part of the Ex Parte 148 proceeding, and did not even know that it was a part of Ex Parte 148 until I began to study this case.

That is all.

EXAMINER McGRATH: Are there any other questions?

CROSS-EXAMINATION

Q. (By Mr. Gwathmey) You will agree with me, will you not, that the order which the Interstate Commerce Commission

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entered in Ex Parte 148, dated August 1, 1942, whereby the railroads in the southeast were authorized to increase the interstate coach fare to 2.2 cents per mile related entirely to the southeastern railroads, and that prior to that time the interstate fares in other parts of the country had already been put on the basis of 2.2 cents?

A. That is correct, yes.

EXAMINER McGRATH: Does that complete your statement?

MR. JOUROLMON: That is all, yes sir.

EXAMINER McGRATH: Is there any further testimony on behalf of the Tennessee Commission?

MR. JOUROLMON: No, the Tennessee Commission closes its presentation.

MR. MILLER: The Price Administrator would like to put on a witness.

MRS. DORIS S. WHITNACK was sworn and testified as follows:

DIRECT EXAMINATION

Q. (By Mr. Miller) Will you state your name and business address for the record, please?

A. Doris S. Whitnack, address Second and D Streets Southwest, Washington, D. C.

Q. With whom are you employed?

A. I am employed by the Office of Price Administration in the Transportation and Public Utilities Division.

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*Q. Will you state the position that you hold and in general the duties that you perform?

A. I hold the position of Transportation Economist within the Division which I previously named, and in general am in charge of the economic analyses done in that Division in connection with transportation.

Q. Will you describe briefly in general your experience and training in this sort of work?

A. Well, starting with the most recent and going backwards, I have been with the transportation branch of O. D. T. since it was originally set up in the spring of 1941. Prior to that time I worked with the National Resources Planning Board for two years, and was Transportation Economist there, and prior to that time was Construction Economist. Before that time I was in college, graduated from Radcliffe with a degree in economics.

MR. MILLER: Let's go off the record, Mr. Examiner, and identify these exhibits.

EXAMINER McGRATH: Yes.

(Exhibits 12 through 16, inclusive, witness Whitnack, marked for identification.)

Q. (By Mr. Miller) Mrs. Whitnack, in connection with your official duties, were you given the task of preparing evidence in connection with this case?

A. Yes.

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*Q. Have you prepared some exhibits to be presented at this hearing?

A. I have.

Q. Will you please start with Exhibit No. 12 and go through the exhibits, naming each one by number and making such explanation as you deem necessary?

A. Exhibit No. 12 is as indicated in the title, "Net Railway Operating Income Before Federal Income Taxes," for eight principal carriers operating in Tennessee.

The purpose of the exhibit is to show the large increase in net railway operating income before federal income taxes principally since the war. There are two figures, well there is one figure I should like to point out particularly, and that is the net income before income taxes for the twelve months ending September 30, 1943. This income is shown for the total of eight roads, and is approximately \$157,000,000, or 132 per cent over 1941, and about \$207,000,000, or 299 per cent over the year 1940.

MR. CLARK: Will you show me where those figures are?

THE WITNESS: Those are strictly subtraction figures and are not all on the exhibit. You can easily subtract and see where I got the figures.

MR. GWATHMEY: You spoke of millions of dollars, and I don't see any figures on this exhibit.

THE WITNESS: There is a statement in the title, that dollar

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*figures are in thousands.

MR. GWATHMEY: Oh, I see, thank you.

EXAMINER McGRATH: Off the record.

(Discussion had off the record.)

MR. CLARK: What did you subtract?

THE WITNESS: I presume you are referring to the comparison I made for the twelve months ending September 30, 1943, with previous years? You will find that subtracting, let's say \$118,809,000 from \$275,706,000 you will get a figure which is approximately \$157,000,000.

MR. CLARK: That is all right. Thank you. I see where you get it now.

THE WITNESS: The other figure was calculated in exactly the same way. Referring to Exhibit No. 13, our purpose in presenting this exhibit is to show the improvement, particularly in the last two years, in operating ratio for the freight and passenger service, and particularly for the passenger service.

The method of estimating 1943 through the first nine months of the year is shown on page 2 of this exhibit. I should point out in this connection that page 2 explains the method by which the operating expense, or by which operating expenses were assigned to the passenger service, and likewise how operating revenues were assigned to passenger service. The determination of the

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relative proportion going to freight, *and hence the calculation of the operating ratio, is based on a subtraction of our estimated passenger revenues and expenses from the total revenues and expenses.

We have tested this method against the actual figures reported by the carriers as their operating ratio for the two services in previous years, and we find the method extremely accurate. Just for those of you who are statistically or mathematically inclined, the accuracy is indicated in the figures of page 2 of the exhibit for the coefficient of correlation which was 98.6, and the standard error of estimates was two-tenths of one per cent.

I only mention that so that anyone who is interested in statistics will have some notion of its validity.

Q. (By Mr. Miller) Can you explain in layman's language just about how much chance of error there is in that estimate according to the test as applied to actual figures?

A. I think maybe this will make it clear, in pretty plain English. If the correlation between the two factors on which we base this—namely, the ratio of passenger expenses to railway operating expenses, as compared with the ratio of passenger car-miles to total transportation car-miles, if the relationship were absolutely perfect, you would have a coefficient of correlation of 100 per cent—98.6 you can see comes very close to it. That is only the measurement of the relationship, and that is what that coefficient means.

*[324]

*Now, standard of error of estimates means that that measures the accuracy of your estimate based upon your previous study of the relationship and the degree of correlation. Now, the larger the standard of error of estimate, the more inaccurate your estimate based on your studies is apt to be. Two-tenths of one per cent is an extremely low figure, hence the probability that any estimate which you made would be very far from the actual figure is reduced to almost nothing.

Now, the most significant thing to point out about the exhibit are the large drops in the passenger operating ratio, where 1942 you can see dropped 37.5 points from 1941, and our estimate for 1943 is 16.5 points. I don't mean percentage, but points, below 1942.

I think that it is also very important to note that, according to our estimate, the passenger ratio for these eight roads is now below the freight operating ratio. I think this is particularly important in light of the statement made by the I. C. C. in its

report of April 6, in the reopening of Ex Parte 148, regarding the relative position of the two services, in so far as operating ratios are concerned.

MR. CLARK: May I ask a question for clarification?

EXAMINER McGRATH: For clarification, yes.

MR. CLARK: On Exhibit 13, Mrs. Whitnack, you have in pen "Estimated," under the heading of the last column. Does that apply to the passenger and the freight, or just to the passenger?

*[325]

*THE WITNESS: Both passenger and freight.

MR. CLARK: Where did you find the necessity to use estimated in connection with freight?

THE WITNESS: Well, I don't think, sir, that you report any operating ratio on freight to the Interstate Commerce Commission.

MR. CLARK: That is the reason you estimated in both instances?

THE WITNESS: Yes.

MR. CLARK: I see.

THE WITNESS: I would have been glad to have taken the figure if I could have gotten it without going to all of this trouble.

MR. CLARK: I have marked "Estimated" over the head of both columns.

THE WITNESS: Yes, those yearly figures go for both passenger and freight, and the estimated is likewise.

Now, Exhibit No. 14, I should like to note some corrections.

which, I think, have been written in on all of your exhibits in ink. On the line marked "Total," the column headed "% Increase, Freight Revenue 12 months ended 9/30/43 over year 1938," the figure should be 128.8 per cent. In the corresponding column under the year 1939 the figure should be 105.6 per cent, and the corresponding column for the year 1940 should be 92.2.

*[326]

*MR. CLARK: For the year 1943, it should be 1941 at the top?

THE WITNESS: Yes, that is a typographical error.

Q. (By Mr. Miller) All right, proceed.

A. Now, the Commission in several cases has stated that freight rates were set at levels to correct deficiencies in aggregate earnings arising out of the inability of the passenger service to meet its full share of the revenue burden.

MR. CLARK: Should we have references?

EXAMINER McGRATH: Are you going to give references?

THE WITNESS: I will be glad to give you references. One case in point is the fifteen per cent case, 1937-38. I don't have the page number, but I could reproduce that.

EXAMINER McGRATH: What is the volume?

MR. MILLER: I have a copy of it.

THE WITNESS: 226, I think it is.

MR. GWATHMEY: It appears on the bottom of your Exhibit 16, I think.

THE WITNESS: Oh, that's right.

MR. GWATHMEY: 226, I. C. C. 161.

THE WITNESS: That is a particular page, I think it is 41. Yes, 226, I. C. C. 41 is the beginning of the case. I don't know what page this quotation comes from.

EXAMINER McGRATH: Is that the only case you had in mind?

THE WITNESS: No, then there is the "Increases in Passenger *Fares and Surcharges, 1936," and I don't have the citation on that.
*[327]

MR. MILLER: They have cited that—your first witness cited that in his testimony.

MR. GWATHMEY: Increase in passenger charge?

MR. MILLER: 214, I. C. C. 255, isn't it?

MR. GWATHMEY: Docket 26550.

MR. MILLER: 214, I. C. C. 174, is that it?

THE WITNESS: Yes.

Q. (By Mr. Miller) Proceed.

A. Since the time when these cases or decisions to which I have just referred were made, the passenger deficit has decreased, and in fact disappeared. But the factor in the freight rates, which was included as a support factor for the passenger deficit has not been removed, and in fact by virtue of the large increases in volume of revenue has been multiplied, and multiplied substantially. That fact is shown by the statements here of the increase in freight revenue for the twelve months ended September 30, 1943, as compared with the total for the roads indicated in the past years. As it works out now, the freight revenue for the twelve months period that I have indicated is over twice as great

as it was in 1938, when there was a considerable passenger deficit. Now, in the period when there is no passenger deficit that support factor has been more than doubled.

*[328]

*I refer now to Exhibit 15. Now, I would like to note some corrections in ink on this exhibit.

EXAMINER McGRATH: If they have been made on all of the copies, it won't be necessary to restate them.

THE WITNESS: They have been made on all of the copies. I just wanted it in the record that we had noted some.

EXAMINER McGRATH: The record copy has been corrected.

THE WITNESS: The purpose of this exhibit is to show what the rate of return is, calculated on various bases, and I think it is clearly indicated as to how each of the last three columns showing the rate of return were computed.

Exhibit 16 is more or less a companion exhibit to 15, and they should be considered together. In Exhibit 16 we took the latest decision of the Interstate Commerce Commission where there was any authoritative statement on the rate of return of the carriers generally, and compared these rates of return figured on the various bases outlined in Exhibit 15 with the rate of return before federal income taxes, figured on the final value as established by the Commission in the fifteen per cent case.

And I should like to point out that figuring the rate of return on the Commission's final value for the Southern Region in the year 1937 the rate of return was 3.1 per cent, and the other bases vary somewhat from that, either above or below, as indicated here.

*[329]

*Q. (By Mr. Miller) Can you describe which of these bases is like the basis proposed by witness Tassin in this proceeding?

A. He figures after income taxes, as far as his basis is concerned. It should be most likely figures shown on line 13, which for the year 1937 would have been considerably below the—

Q. How does that basis compare with the final value selected by the Commission for the Southern Region in the fifteen per cent case?

A. That basis is 129.7 per cent of the final value established by the Commission, whereas a base figured on the net book investment, plus cash and materials and supplies, would have equaled ninety-three per cent of the Commission's final valuation.

Q. The net book investment is the investment figure before or after depreciation?

A. The net in there indicates that it is figured after depreciation, and that is indicated in the sources by the accounts which have been deducted.

MR. MILLER: Mr. Examiner, I believe the exhibits otherwise speak for themselves, and we offer them in evidence.

MR. CLARK: We object to one phase. I object to line one on Exhibit 16 which is merely stated here as "final value of all the lines in Southern Region." I appreciate that the witness may

*[330]

select any figure from a report of the *Commission, and may discuss it, and base her own conclusion thereon, but I wish to point out that we do not consider that a finding of final value of these railroads. That was not done in that case, so I object to it being just accepted as a final valuation of these several railroads because it was not exactly that.

THE WITNESS: That is a quotation from the report of the Commission. It is so-called in the decision in the case.

EXAMINER McGRATH: Your objection will be noted of record.

MR. CLARK: Yes, sir.

EXAMINER McGRATH: And considered?

MR. CLARK: Yes, sir.

EXAMINER McGRATH: In the absence of objection, the exhibits are received, Exhibits 12 to 16, inclusive.

(Exhibits Nos. 12 to 16, inclusive, witness Whitnack, received in evidence.)

MR. MILLER: The witness is available for cross-examination.

CROSS-EXAMINATION

Q. (By Mr. Gwathmey) Mrs. Whitnack, may I ask you, are you familiar with the petition which the O. P. A. filed with the Interstate Commerce Commission on July 31, 1943, asking that Commission to institute a general investigation of passenger fares in the South?

A. I am generally familiar with it, but not enough to answer any questions on it.

*[331]

*Q. Did you assist in preparing that petition?

A. No, I didn't have any direct work on that.

Q. Are you able to say whether or not, except that the data used in the petition related to the Southern roads as a whole, and the data used in your exhibits here relate to the railroads operating in Tennessee, there is any essential difference between the information which was contained in the petition and relied upon by the O. P. A. and the data which you have submitted here?

A. I certainly couldn't say since I don't know what is in that

petition. However, I don't think that—I certainly have not done this same sort of thing myself before entirely for a case, so I don't know where they would have gotten it all from.

Q. Is it not true that in that petition the O. P. A. did set out a very complete statement of the earnings of the railroads operating in the South from both passenger and freight operations over a period of years, including the latest years available?

A. Well, I think I started off by saying that I don't know what is in that petition, and I really am not prepared to say.

MR. MILLER: I prepared that petition; if you want to direct some questions at me, I will be glad to answer them.

MR. GWATHMEY: I am willing to let it stand. Of course,
*[332]
the petition has been incorporated by reference into this *record and will speak for itself. I merely wanted to ask the witness that question. That is all.

EXAMINER McGRATH: Are there any further questions?

Q. (By Mr. Clark) On Exhibit 15, column headed 3, you show three accounts as included in column 3.

A. Yes.

Q. There you have taken that data for the operating railroads. You have not included in those figures anything in the way of the property of leased roads; the lessor properties have not been included?

A. No, only the investment on the balance sheet of the reporting company.

Q. If the railroad, say the Southern, is using a property which it holds under lease, that property, as property is in the accounts and records of the owning or lessor company?

A. That is correct.

Q. And yet it is used by the Southern in the railroad and transportation service?

A. That is right.

MR. CLARK: I think that is all. Thank you.

MR. MILLER: A little redirect examination.

EXAMINER McGRATH: All right.

REDIRECT EXAMINATION

Q. (By Mr. Miller) In relation to the last question asked by Mr. Clark, has any consideration been given, Mrs. Whitnack,

*[333]

*in these calculations to that matter of using the property leased from other railroads?

A. Yes, we gave some consideration to that point in this respect; column 8 shows—

Q. Which exhibit?

A. On Exhibit 15, column 8, there is a statement for each of these eight carriers of the rent for leased road and equipment shown in account No. 542. We just made a further calculation, deducting such rent from net railway operating income before income taxes, and have compared the resulting figure as shown in column 9 with the book investment in transportation property in order to get the rate of return shown in column 11, I believe it is—yes, in column 11. That gives some recognition to the fact that leased lines are considered.

Q. In Exhibit 16 is that calculation shown so that we can

see what relation it might bear to the final value set forth in the fifteen per cent case?

A. Yes. That is the rate of return shown in line 14.

Q. Is it more or less than that based upon the Commission's base?

A. It is somewhat less than that figured on the Commission's base, but slightly more than on the investment in railway property used in transportation service, plus the cash and materials and supplies.

MR. MILLER: That is all on redirect examination.

*[334]

*EXAMINER McGRATH: Are there any further questions? That appears to be all. Does that complete the testimony for the O. P. A.?

MR. MILLER: Yes, sir.

EXAMINER McGRATH: You may be excused.

(Witness excused.)

EXAMINER McGRATH: Is there any testimony in rebuttal?

MR. CLARK: I would like to put Mr. Tassin back for just one question.

J. S. TASSIN, having been previously sworn, testified further as follows:

DIRECT EXAMINATION

Q. (By Mr. Clark). You have been sworn before in this case?

A. Yes.

Q. You are the same Mr. Tassin?

A. Yes.

Q. Did you hear Mrs. Whitnack just a moment ago refer to the figures shown on column numbered 2 on her Exhibit 15 as comparable figures which you had used, and her comment in that connection?

A. Yes.

Q. What have you to say about that?

A. The figures that I have used correspond to the sum of columns 2 and 5 as shown on Exhibit No. 15. But because of the
*[335]
confusion between cost and value in this Exhibit No. 15, *I want the record to be sure that I have nowhere dealt with value, but confined myself to considerations of cost.

MR. CLARK: That is all, sir.

EXAMINER McGRATH: Are there any questions?

MR. MILLER: No.

MR. GWATHMEY: That is all.

EXAMINER McGRATH: Is there any further testimony?

(No response.)

EXAMINER McGRATH: Do the parties desire to file briefs?

MR. GWATHMEY: Yes, sir.

MR. JOUROLMON: Yes, your Honor, the Tennessee Commission would like to file a brief.

EXAMINER McGRATH: I shall fix the date for filing of briefs as of January 4, 1944.

MR. JOUROLMON: That is one month from today.

EXAMINER McGRATH: Yes. If there is nothing further the hearing in this proceeding is closed.

(At 4:30 o'clock p.m. on Friday, December 3, 1943, the hearing was closed.)

BEFORE THE
INTERSTATE COMMERCE COMMISSION

DOCKET No. 29037

TENNESSEE INTRASTATE FARES

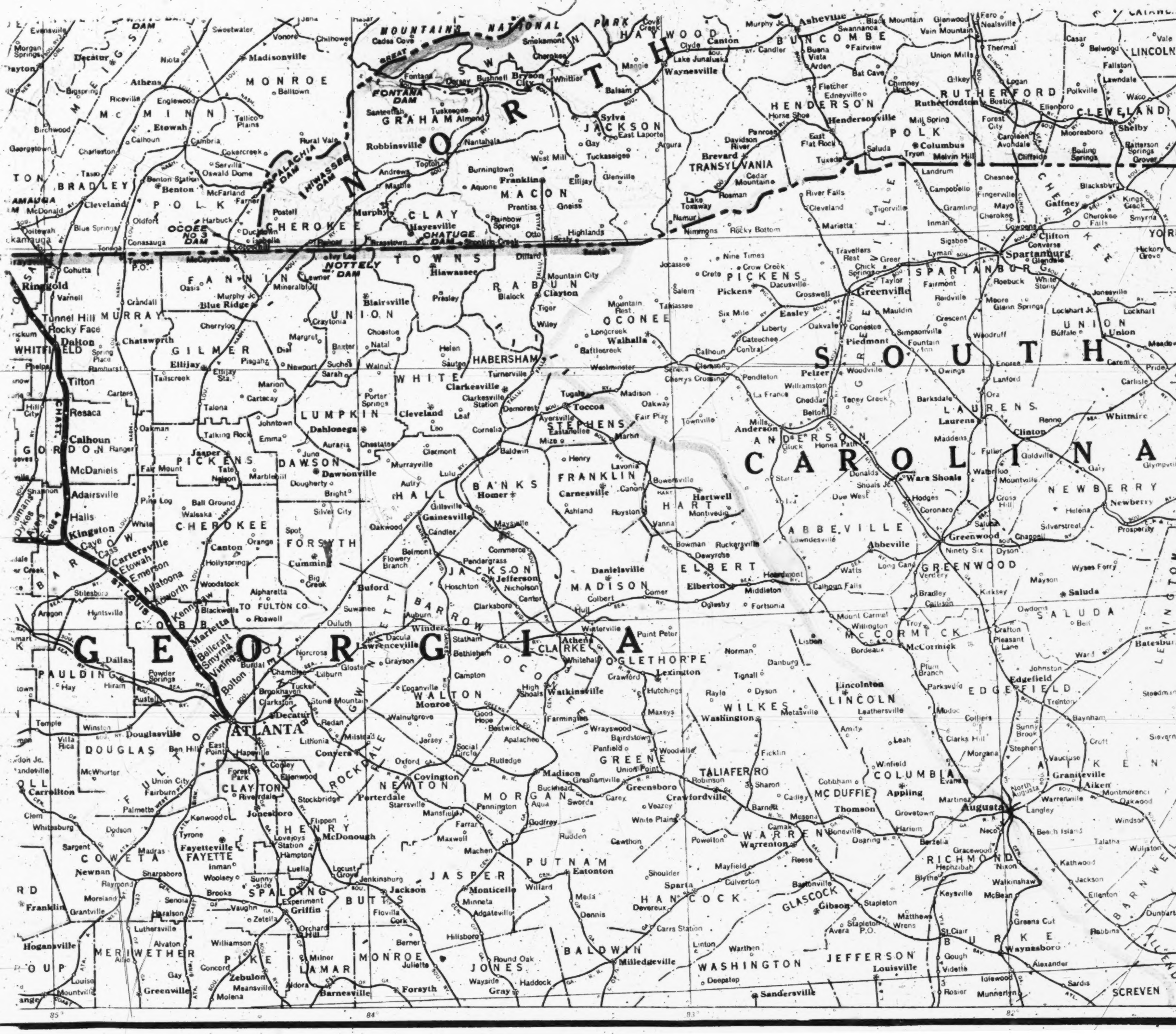
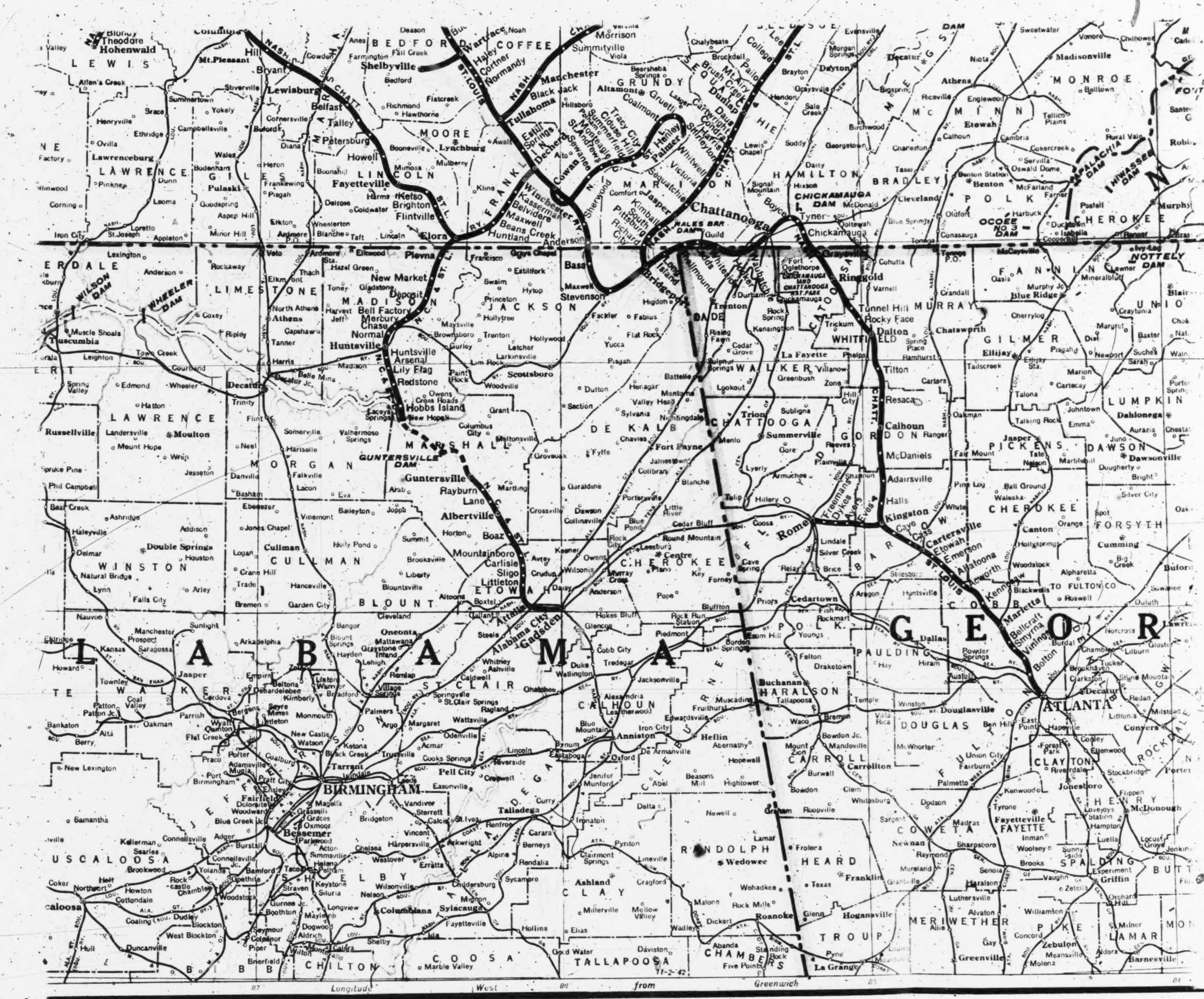
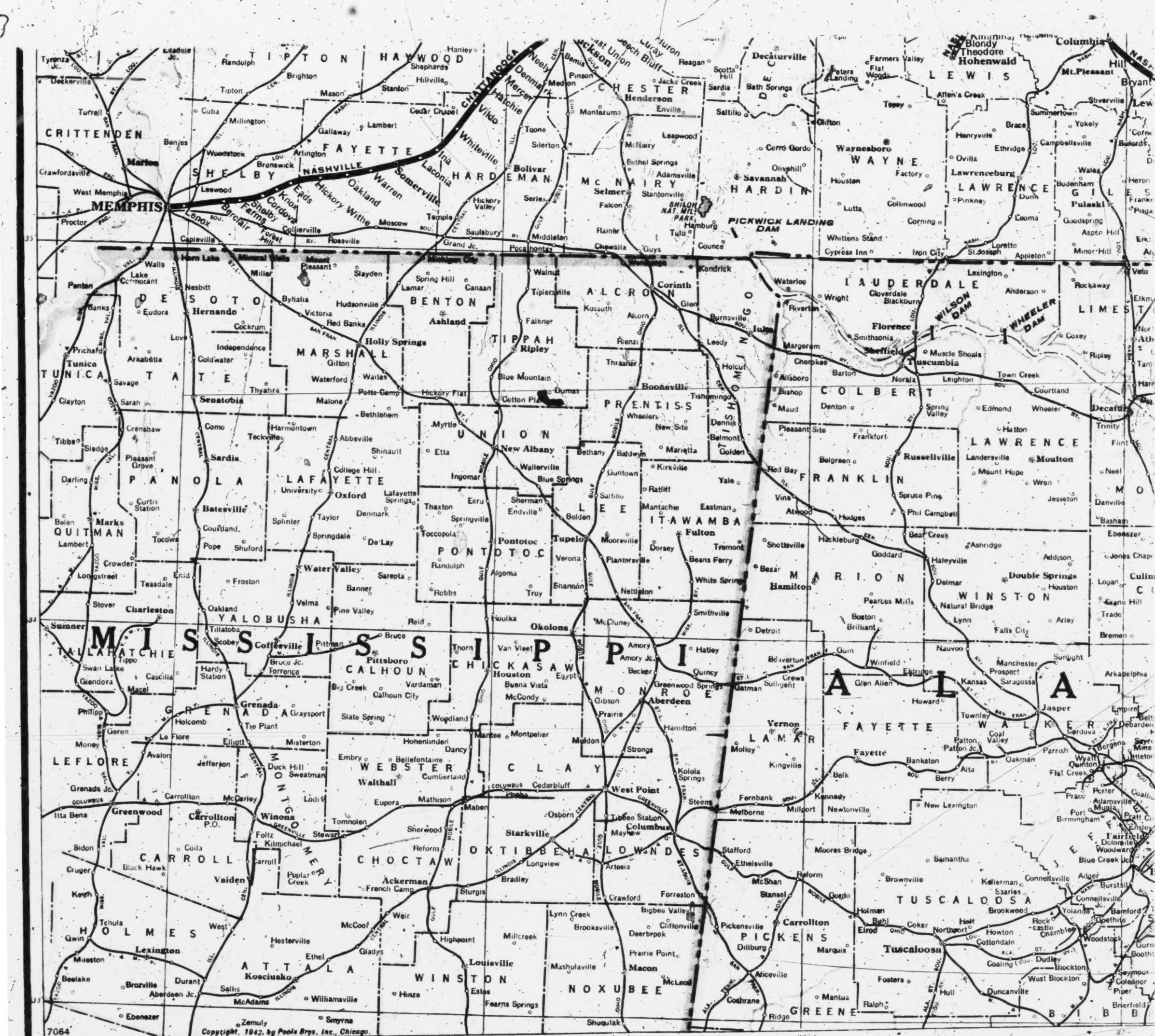
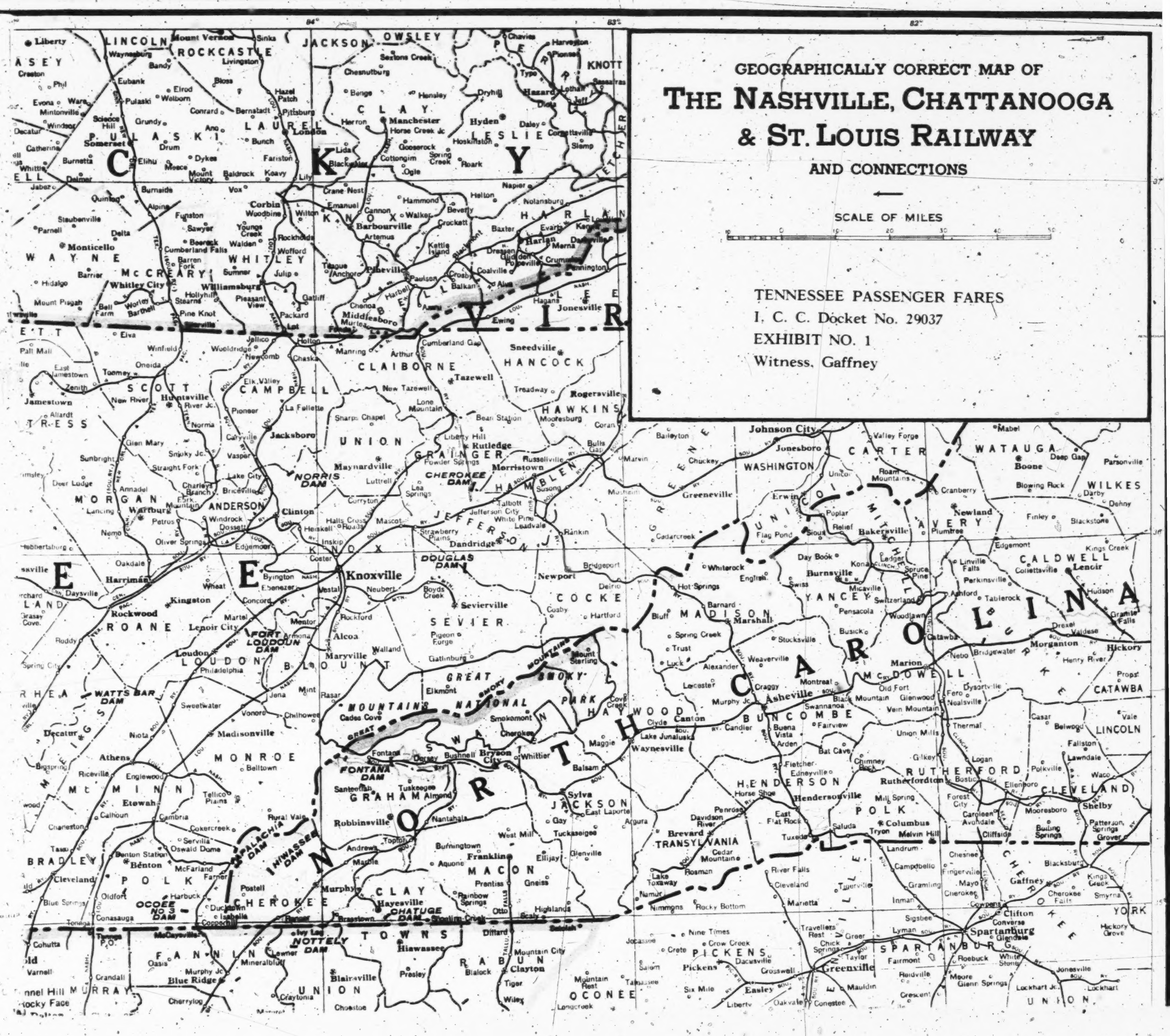
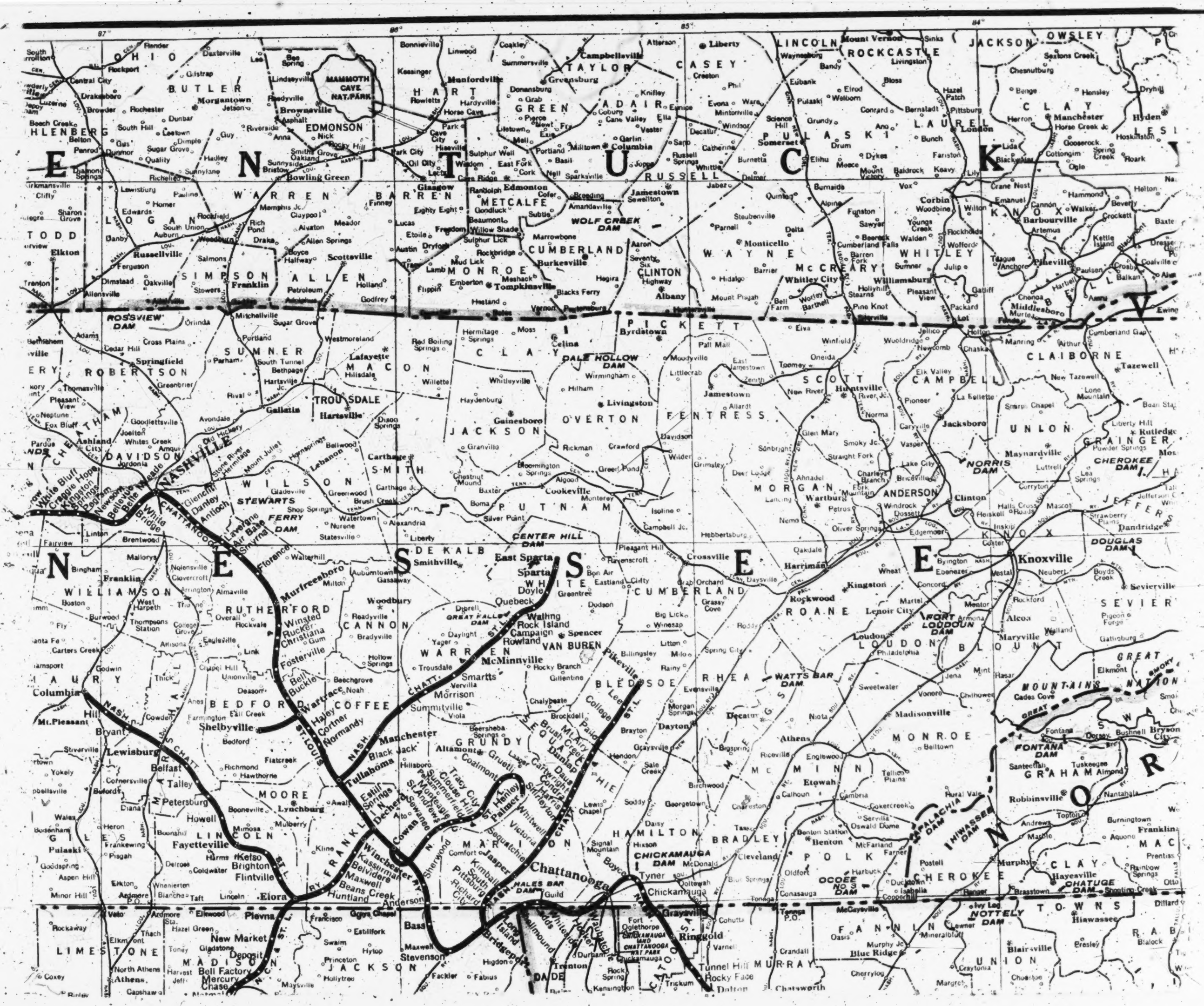
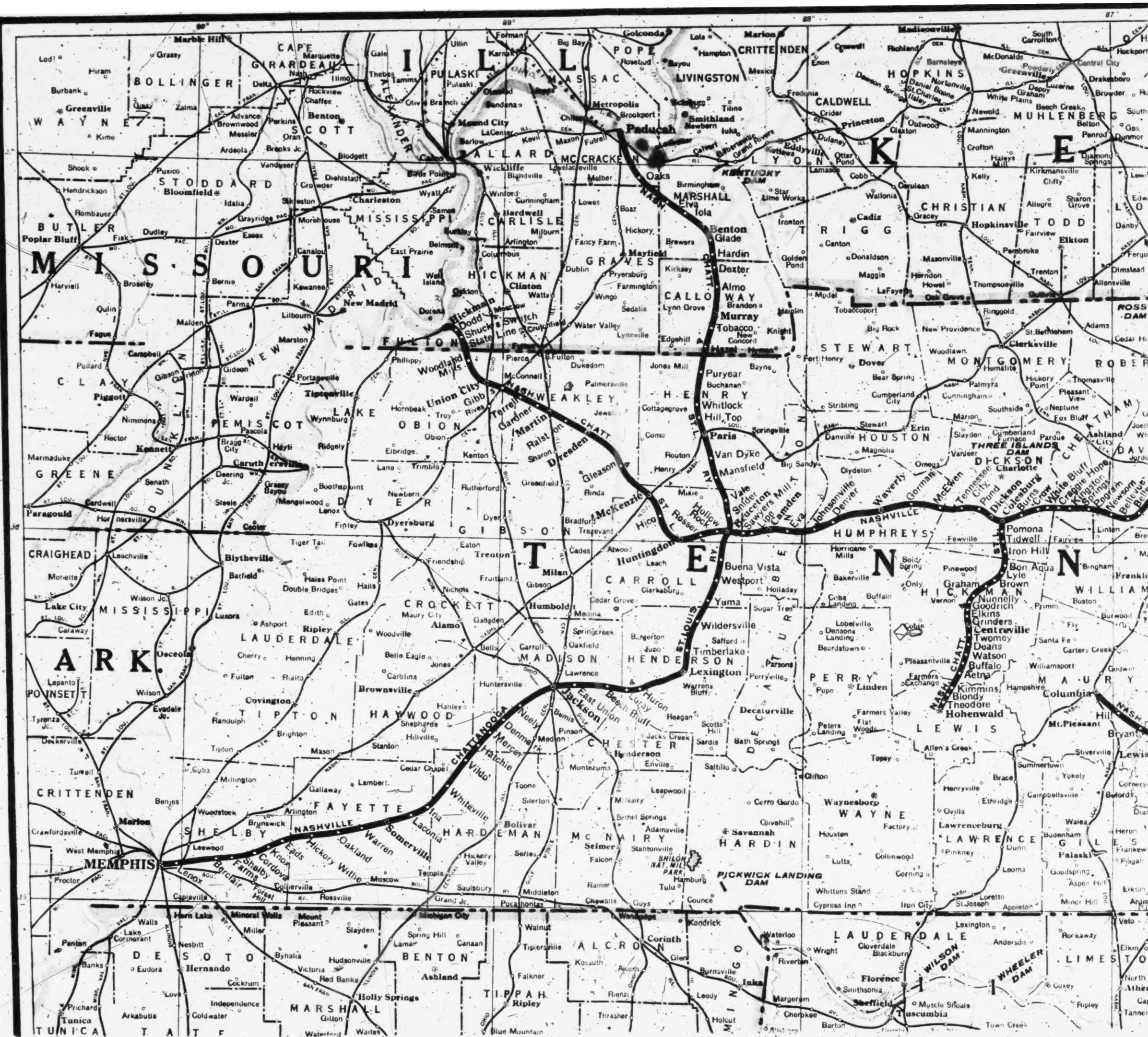
EXHIBITS

TENNESSEE PASSENGER FARES
ICC DOCKET No. 29037
EXHIBIT No. 2
WITNESS, Gaffney

NASHVILLE, CHATTANOOGA & ST. LOUIS RAILWAY

Examples of possible reductions of INTERSTATE Coach Fares by passengers buying tickets to nearest State line station, and re-buying or paying cash fare on train to INTERSTATE DESTINATION.

From		To	Per Mile	
1—Nashville	Tenn.	Hickman	Ky.	2.2¢ (Interstate) 3.78
Nashville	Tenn.	Woodland Mills	Tenn.	1.65¢ (Intrastate) 2.65
Woodland Mills	Tenn.	Hickman	Ky.	2.2¢ (Interstate) .26
Interstate fare reduced.				.87
2—Nashville	Tenn.	Jackson	Miss.	2.2¢ (Interstate) 10.06
Nashville	Tenn.	Memphis	Tenn.	1.65¢ (Intrastate) 4.00
Memphis	Tenn.	Jackson	Miss.	2.2¢ (Interstate) 4.68
Interstate fare reduced.				1.38
3—Memphis	Tenn.	Murray	Ky.	2.2¢ (Interstate) 3.70
Memphis	Tenn.	Puryear	Tenn.	1.65¢ (Intrastate) 2.65
Puryear	Tenn.	Murray	Ky.	2.2¢ (Interstate) .29
Interstate fare reduced.				.76
4—Memphis	Tenn.	Guthrie	Ky.	2.2¢ (Interstate) 4.77
Memphis	Tenn.	Beldon	Tenn.	1.65¢ (Intrastate) 3.50
Beldon	Tenn.	Guthrie	Ky.	2.2¢ (Interstate) .10
Interstate fare reduced.				1.17
5—Mitchellville	Tenn.	Athens	Ala.	2.2¢ (Interstate) 3.41
Mitchellville	Tenn.	Prospect	Tenn.	1.65¢ (Intrastate) 2.35
Prospect	Tenn.	Athens	Ala.	2.2¢ (Interstate) .36
Interstate fare reduced.				.70
6—Chattanooga	Tenn.	Asheville	N. C.	2.2¢ (Interstate) 5.32
Chattanooga	Tenn.	Wolf Creek	Tenn.	1.65¢ (Intrastate) 3.25
Wolf Creek	Tenn.	Asheville	N. C.	2.2¢ (Interstate) 1.06
Interstate fare reduced.				1.01
7—Johnson City	Tenn.	Dalton	Ga.	2.2¢ (Interstate) 5.02
Johnson City	Tenn.	Chattanooga	Tenn.	1.65¢ (Intrastate) 3.65
Chattanooga	Tenn.	Dalton	Ga.	2.2¢ (Interstate) .84
Interstate fare reduced.				.53



GEOGRAPHICALLY CORRECT MAP OF
THE NASHVILLE, CHATTANOOGA
& ST. LOUIS RAILWAY
AND CONNECTIONS

SCALE OF MILES

TENNESSEE PASSENGER FARES
I. C. C. Docket No. 29037
EXHIBIT NO. 1
Witness, Gaffney

TENNESSEE PASSENGER FARES
ICC DOCKET No. 29037
EXHIBIT No. 2
WITNESS, Gaffney

NASHVILLE, CHATTANOOGA & ST. LOUIS RAILWAY

Examples of possible reductions of INTERSTATE Coach Fares by passengers buying tickets to nearest State line station, and re-buying or paying cash fare on train to INTERSTATE DESTI-

From	To	Per Mile	
8—Oneida.....Tenn.	Valley Head.....@Ala.	2.2¢ (Interstate)	3.78
Oneida.....Tenn.	Chattanooga.....Tenn.	1.65¢ (Intrastate)	2.15
Chattanooga.....Tenn.	Valley Head.....Ala.	2.2¢ (Interstate)	.92
Interstate fare reduced.			.71
9—Nashville.....Tenn.	Roanoke.....Va.	2.2¢ (Interstate)	11.04
Nashville.....Tenn.	Bristol.....Tenn.	1.65¢ (Intrastate)	5.85
Bristol.....Tenn.	Roanoke.....Va.	2.2¢ (Interstate)	3.36
Interstate fare reduced.			1.83
10—Johnson City.....Tenn.	Franklin.....Ky.	Via 2.2¢ (Interstate)	8.32
Johnson City.....Tenn.	Mitchellville	So. Ry.	
Tenn.	TC	1.65¢ (Intrastate) 6.45
Mitchellville.....Tenn.	Franklin.....Ky.	L&N 2.2¢ (Interstate)	.14
			1.73

TENNESSEE PASSENGER FARES

I. C. C. Docket No. 29037

EXHIBIT No. 3

Witness, Gaffney

NASHVILLE CHATTANOOGA & ST. LOUIS RAILWAY

Examples showing the fares paid for transportation good in coaches by INTERSTATE passengers as compared with fares paid by INTRASTATE Tennessee passengers for approximately the same distance:

From	To	Distance	Fare Per Mile	One Way Coach Fare	
1—Nashville.....Tenn.	Stevenson.....Ala.	113.1	2.2	2.60	Interstate
Nashville.....Tenn.	McKenzie.....Tenn.	117.1	1.65	2.00	Intrastate
Difference				.60	
2—Bruceton.....Tenn.	Paducah.....Ky.	86.5	2.2	1.87	Interstate
Bruceton.....Tenn.	Whiteville.....Tenn.	85.7	1.65	1.45	Intrastate
Difference				.42	
3—Columbia.....Tenn.	Decatur.....Ala.	74.8	2.2	1.65	Interstate
Columbia.....Tenn.	Gallatin.....Tenn.	73.7	1.65	1.30	Intrastate
Difference				.35	
4—Nashville.....Tenn.	Mannington.....Ky.	90.9	2.2	2.02	Interstate
Nashville.....Tenn.	Prospect.....Tenn.	91.3	1.65	1.55	Intrastate
Difference				.47	
5—Chattanooga.....Tenn.	Asheville.....N. C.	240.3	2.2	5.32	Interstate
Chattanooga.....Tenn.	Bristol.....Tenn.	241.9	1.65	4.05	Intrastate
Difference				1.27	
6—Harriman.....Tenn.	Alexander.....N. C.	168.9	2.2	3.78	Interstate
Harriman.....Tenn.	Nashville.....Tenn.	165.6	1.65	2.75	Intrastate
Difference				1.03	
7—Jackson.....Tenn.	Knoxville.....Tenn.	385.1	2.2	8.18	Interstate
Jackson.....Tenn.	Knoxville.....Tenn.	369.7	1.65	c 6.95	Intrastate
Difference				1.23	

c—Includes 70 cents transfer at Nashville, Tenn.

TENNESSEE PASSENGER FARES
I. C. C. Docket No. 29037
EXHIBIT No. 3
Witness, Gaffney

NASHVILLE CHATTANOOGA & ST. LOUIS RAILWAY

Examples showing the fares paid for transportation good in coaches by INTERSTATE passengers as compared with fares paid by INTRASTATE Tennessee passengers for approximately the same distance:

From	To	Distance	Fare Per Mile	One Way Coach Fare	
8-Memphis.....Tenn.	Knoxville.....Tenn.	426.1	2.2	a 9.39	Interstate
Memphis.....Tenn.	Knoxville.....Tenn.	433.9	1.65	b 7.10	Intrastate
Difference				2.29	

All points beyond Knoxville, Tenn. are affected to the same extent as Knoxville proper.

9-Nashville.....Tenn.	Barnesville.....Ga.	348.9	2.2	7.73	Interstate
Nashville.....Tenn.	Bristol.....Tenn.	347.8	1.65	6.65	Intrastate
Difference				1.08	

10-Memphis.....Tenn.	Hot Springs.....Ark.	202.6	2.2	4.24	Interstate
Memphis.....Tenn.	Clarksville.....Tenn.	203.0	1.65	3.40	Intrastate

.84

a-Via Sou. Ry. direct.

b-Via NC&StL, Nashville-TC-Harriman-Sou. Ry.

Exhibit No. 4
Witness Gaffney

STATEMENT SHOWING THE ONE-WAY INTERSTATE COACH FARES FROM OR TO LOUISVILLE AND NASHVILLE RAILROAD POINTS IN TENNESSEE COMPARED WITH FARES BASED ON COMBINATION OF FARES TO OR FROM INTERMEDIATE TENNESSEE POINTS

Line	One Way Interstate Coach Fare	One Way Coach Fare	Difference in Fares
1		Memphis, Tenn., to Clarksville, Tenn.....	\$3.40
2	Memphis, Tenn., to	Clarksville, Tenn., to Louisville, Ky.....	3.96
3	Louisville, Ky.....		\$7.36 \$1.04
4		Memphis, Tenn., to Clarksville, Tenn.....	3.40
5	Memphis, Tenn., to	Clarksville, Tenn., to Bowling Green, Ky.....	1.43
6	Bowling Green, Ky.....		\$4.83 \$1.04
7		Memphis, Tenn., to Clarksville, Tenn.....	3.40
8	Memphis, Tenn., to	Clarksville, Tenn., to Evansville, Ind.....	2.90
9	Evansville, Ind.....		\$6.30 \$0.39
10		Nashville, Tenn., to Pulaski, Tenn.....	1.30
11	Nashville, Tenn., to	Pulaski, Tenn., to Birmingham, Ala.....	2.79
12	Birmingham, Ala.....		\$4.09 \$0.40
13		Nashville, Tenn., to Pulaski, Tenn.....	1.30
14	Nashville, Tenn., to	Pulaski, Tenn., to Montgomery, Ala.....	4.95
15	Montgomery, Ala.....		\$6.25 \$0.42
16		Humboldt, Tenn., to Clarksville, Tenn.....	2.00
17	Humboldt, Tenn., to	Clarksville, Tenn., to Henderson, Ky.....	2.46
18	Henderson, Ky.....		\$4.46 \$0.49
19		Paris, Tenn., to Clarksville, Tenn.....	1.15
20	Paris, Tenn., to	Clarksville, Tenn., to Hopkinsville, Ky.....	.84
21	Hopkinsville, Ky.....		\$1.95 \$0.43
22		Knoxville, Tenn., to Etowah, Tenn.....	.99
23	Knoxville, Tenn., to	Etowah, Tenn., to Atlanta, Ga.....	3.01
24	Atlanta, Ga.....		\$4.00 \$0.33
25		Etowah, Tenn., to Knoxville, Tenn.....	.99
26	Etowah, Tenn., to	Knoxville, Tenn., to Cincinnati, Ohio.....	6.56
27	Cincinnati, Ohio.....		\$7.55 \$0.33
28		LaFollette, Tenn., to Etowah, Tenn.....	1.95
29	LaFollette, Tenn., to	Etowah, Tenn., to Atlanta, Ga.....	3.01
30	Atlanta, Ga.....		\$4.96 \$0.54

TARIFF AUTHORITIES

	Interstate	Intrastate
31	L. & N. R. R. G. P. D. 10805, I. C. C. 8323.	L. & N. R. R. G. P. D. 10365, I. C. C. 8034.
32	L. & N. R. R. G. P. D. 10797, I. C. C. 8315.	L. & N. R. R. G. P. D. 10351, I. C. C. 8022.
33	L. & N. R. R. G. P. D. 10799, I. C. C. 8317.	L. & N. R. R. G. P. D. 10502, I. C. C. 8128.
34	L. & N. R. R. G. P. D. 10794, I. C. C. 8312.	L. & N. R. R. G. P. D. 10362, I. C. C. 8032.
35	L. & N. R. R. G. P. D. 10802, I. C. C. 8320.	

October 28, 1943.

STATEMENT SHOWING THE TENNESSEE INTRASTATE ONE-WAY COACH FARES FROM OR TO REPRESENTATIVE L. & N. E. R. POINTS IN TENNESSEE COMPARED WITH THE INTERSTATE FARES FROM OR TO POINTS ON THE L. & N. E. R. IN TENNESSEE FOR EQUI-DISTANT TRIPS; ALSO SHOWING THE AMOUNTS TENNESSEE INTRASTATE UNDER THE INTERSTATE FARES

Line	Intrastate		Interstate		Miles	Coach Fare		Miles	Coach Fare Amount	
	From	To	From	To		One-Way	Round-Trip		One-Way	Under Interstate
1	Springfield	Tenn.	Holton	Tenn.	16.6	8.33	16.6	16.4	8.37	8.04
2	Nashville	Tenn.	Cedar Hill	Tenn.	18.8	33	18.8	17.9	40	07
3	Memphis	Tenn.	Adams	Tenn.	21.2	39	21.2	21.4	48	09
4	Knoxville	Tenn.	Clarksville	Tenn.	26.9	50	26.9	27.1	62	12
5	Nashville	Tenn.	Pelaski	Tenn.	27.6	50	27.6	28.3	62	12
6	Nashville	Tenn.	Benton	Tenn.	30.1	55	30.1	30.2	70	15
7	Knoxville	Tenn.	Adams	Tenn.	39.5	66	39.5	38.9	88	22
8	Knoxville	Tenn.	Corbin	Tenn.	42.5	72	42.5	41.1	92	20
9	Nashville	Tenn.	Hopkinsville	Tenn.	41.9	72	41.9	41.5	92	20
10	Nashville	Tenn.	Bowling Green	Ky.	46.1	83	46.1	45.3	1.03	30
11	Knoxville	Tenn.	Nashville	Tenn.	53.0	94	53.0	52.2	1.17	33
12	Nashville	Tenn.	Nashville	Tenn.	54.3	94	54.3	53.3	1.25	31
13	Nashville	Tenn.	Danville	Tenn.	55.5	99	55.5	56.4	1.25	26
14	Knoxville	Tenn.	Bowling Green	Ky.	59.2	99	59.2	57.1	1.28	29
15	Knoxville	Tenn.	Mitchellville	Tenn.	60.0	99	60.0	60.2	1.36	37
16	Memphis	Tenn.	Clarksville	Tenn.	63.8	1.10	63.8	61.5	1.36	37
17	Nashville	Tenn.	Springfield	Tenn.	66.4	1.15	66.4	63.6	1.43	33
18	Knoxville	Tenn.	Nashville	Tenn.	72.4	1.20	72.4	65.7	1.47	32
19	Memphis	Tenn.	Springfield	Tenn.	78.1	1.30	78.1	72.9	1.61	41
20	Knoxville	Tenn.	Callatin	Tenn.	78.8	1.30	78.8	76.9	1.72	42
21	Memphis	Tenn.	Nashville	Tenn.	84.5	1.45	84.5	78.3	1.72	42
22	Nashville	Tenn.	Stowah	Tenn.	91.3	1.55	91.3	84.9	1.87	43
23	Memphis	Tenn.	Nashville	Tenn.	95.8	1.65	95.8	88.9	1.98	43
24	Memphis	Tenn.	Nashville	Tenn.	115.9	2.00	115.9	95.8	2.13	48
25	Memphis	Tenn.	Franklin	Tenn.	133.1	2.25	133.1	120.9	2.68	68
26	Memphis	Tenn.	Atlanta	Ga.	137.0	2.35	137.0	134.4	2.97	72
27	Prospect	Tenn.	Knoxville	Tenn.	145.2	2.50	145.2	136.5	3.01	66
28	Chaska	Tenn.	Nashville	Tenn.	159.9	2.65	159.9	148.9	3.30	80
29	Memphis	Tenn.	Nashville	Tenn.	174.5	2.90	174.5	162.9	3.59	94
30	Memphis	Tenn.	Memphis	Tenn.	181.4	3.05	181.4	173.3	3.81	91
31	Memphis	Tenn.	Cumberland City	Tenn.	203.0	3.40	203.0	186.5	4.11	1.06
32	Memphis	Tenn.	Clarksville	Tenn.	203.0	3.40	203.0	205.4	4.55	1.15

TARIFF AUTHORITIES

Line	Intrastate		Interstate	
	From	To	From	To
33	G. P. D. 10364, I. C. C. 8033	G. P. D. 10775, I. C. C. 8307	G. P. D. 10776, I. C. C. 8308	
34	G. P. D. 10370, I. C. C. 8038	G. P. D. 10803, I. C. C. 8321	G. P. D. 10797, I. C. C. 8315	
35	G. P. D. 10362, I. C. C. 8032	G. P. D. 10799, I. C. C. 8317	G. P. D. 10802, I. C. C. 8320	
36	G. P. D. 10502, I. C. C. 8128			

October 28, 1943

BEFORE THE
INTERSTATE COMMERCE COMMISSION
IN THE MATTER OF
PASSENGER FARES AND CHARGES FOR INTRASTATE TRAFFIC
BETWEEN POINTS IN TENNESSEE
STATISTICAL FINDINGS AND DATA IN SUPPORT THEREOF

Line No.

Page 1 of 31 pages

1 **STATISTICAL FINDINGS AND DATA IN SUPPORT THEREOF**

2 1. Had increase sought in intrastate passenger fares and charges between points in
3 Tennessee been in effect between December 1, 1942 and September 30, 1943, \$452,915 would
4 have been earned by 7 principal roads parties to this petition. Had these increases been
5 in effect between October 1, 1942 and September 30, 1943, the increase would have been
6 \$556,280; between March 1, 1942 and February 28, 1943, the increase would have been
7 \$424,040.

8 2. In common with practically all railroads, for many years past with the exception
9 of the year 1942, passenger operations of these railroads have been in the red. From 1936
10 to 1940, both inclusive, in a range from 23 to 28 millions of dollars, the average deficit was
11 27 millions. In 1941 there was a drop to 19 millions; in 1942 there was an income of 16
12 millions. The average deficit for the 7-year period (1936-42) was 19 millions. The 6-
13 year cumulative deficit (1936 to 1941, both inclusive) was 150 millions, in order to equalize
14 which between 9 and 10 years as good as 1942 will have to be experienced.

15 3. Railroads of the Southern Region in common with railroads of the country in
16 general are chronically in need of additional revenue. For example, for the average of
17 10 years (1921-30) Class I Railroads of Southern Region earned only 4.20% on their invest-
18 ment in railway property used in transportation service. For the succeeding 12 years
19 (1931-42) the yield was but 2.48%, while for the 22-year period (1921-42) it was only
20 3.23%.

21 4. Specifically, for the 22-year period (1921-42) the 12 roads parties to this petition
22 averaged as a group only 3.45% on their investment.

23 5. Weighting the return for each road in proportion to mileage operated entire line in
24 comparison with in the State of Tennessee produces 3.36% and 3.39% respectively.

25 6. This means that if a 5 3/4% return on investment is to be realized, revenues for the
26 entire line should be increased by 11%, and as related to the State of Kentucky by 10%.

27 7. That the basis of measurement (investment in railway property used in transporta-
28 tion service) here utilized is conservative, is evidenced by the fact that 11% additional
29 would have had to be raised in order to reproduce these properties as of January 1, 1940.

30 8. For the average year of 7 (1936-42) and for 11 roads parties to this petition the
31 freight operating ratio was 63 as compared with a passenger operating ratio of 110.

32 9. Adding to railway operating expenses the net income deduction for railway tax
33 accruals and operating rents, we produce an outgo ratio for freight of 74 as compared with
34 126 for passenger.

35 10. From 1936 to 1940, inclusive, passenger carrying cars on the average earned 16¢

Line No.

30 per car mile. In 1941 that jumped to 20¢; in 1942 to 38¢; the average for the 7-year period being 20¢.

31 11. Cars in baggage, mail, express and milk service, popularly known as head-end cars,
32 in a range from 24 to 28 cents, earned on the average 25¢. This is 5¢ a mile more than
earned by the rear-end or passenger-carrying cars.

33 12. For the average year of 6 (1937-42) passengers in coaches paid on the average
34 1.59¢ per mile in a range from 1.45¢ to 1.77¢.

35 13. For the average of 6 years (1937-42) passengers in Pullman cars paid on the average
36 2.33¢ per mile in a range from 2.25¢ to 2.36¢.

37 14. For the 6-year period (1937-42) passenger coaches earned on the average 27¢ per
mile in a range from 19¢ to 48¢.

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1 15. For the 6-year period (1937-42) Pullman cars earned 27¢ per mile in a range from
20¢ to 47¢.

2 16. The total of railway tax accruals for the year 1942 increased 329% over what it was
in 1936.

3 17. Railway tax accruals assigned to passenger under rules prescribed by the I. C. C.
4 in 1942 were 231% in excess of what they were in 1936.

5 18. The general average rate of hourly compensation was 25% greater in 1942 than it
was in 1936.

6 19. For Southern Region as a whole, the index of average unit prices of railway materials
7 and supplies, including fuel, was 40% higher in June 1943 than it was on October 1, 1936.

8 20. For the 5-year period (1916-20) 12 roads parties to this proceeding averaged 68
passengers per train.

9 21. For the 10-year period (1921-30) the average was 49 passengers per train.

10 22. For the 10-year period (1931-40) the average was 37 passengers per train.

11 23. These roads averaged 62 passengers per train in 1941; 120 in 1942; and 189 for the
first 8 months of 1943.

12 24. For the 5-year period (1916-20) these roads averaged 18 passengers per car.

13 25. For the 10-year period (1921-30) they averaged 12 passengers per car.

14 26. For the 10-year period (1931-40) they averaged 9 passengers per car.

15 27. In 1941 they averaged 14 passengers per car; in 1942, 22, and during the first 8 months
of 1943, 31.

16 28. For the 6-year period (1937-42) these roads averaged 17 passengers per coach.

17 29. For the 6-year period (1937-42) they averaged 12 passengers per Pullman car.

1 **LOSS IN PASSENGER REVENUE REFLECTED BY WHAT WOULD HAVE**
 2 **ACCRUED HAD INCREASE SOUGHT IN INTRASTATE FARES BEEN IN**
 3 **EFFECT IN THE STATE OF TENNESSEE DURING THE PERIODS SHOWN**
BELOW

Road	Loss in Intrastate Revenue		
	Year Ended	10 Mos. Ended	
	2/28/43	9/30/43	9/30/43
4 The Alabama Great Southern Railroad Company.....			
8 Carolina, Clinchfield and Ohio Railway.....			
9 C. C. & O. Ry. of South Carolina.....			
10 Lessees: ACL and L&N.....	\$ 1,364	\$ 2,058	\$ 1,771
11 Central of Georgia Railway Company.....			
12 The C. N. O. & T. P. Railway Company.....	8,898	12,972	11,162
13 Gulf, Mobile & Ohio R. R. Co.....	415	536	464
14 Illinois Central R. R. Co.....			
15 Y. & M. V. R. R. Co.....	567	856	736
16 Louisville & Nashville R. R. Co.....	85,757	115,718	99,812
17 The N. C. & St. L. Ry.....	194,234	240,215*	181,511*
18 St. Louis-San Francisco Ry.....			
19 Southern Railway Company.....	132,805	183,925	157,459
20 Tenn., Ala. & Ga. Ry. Co.....			
21 Tennessee Central Railway Co.....			
22 Total.....	\$424,040	\$556,280	\$452,915

23 *12 and 9 mos. ended Aug. 1943. SOURCE: Audit Departments of the several roads.

NET RAILWAY OPERATING INCOME OR DEFICIT—PASSENGER

(As required to be computed by I. C. C. and Annually Reported Therein)

Railroads Operating in State of Tennessee

(Petitioners in this Proceeding)

	1946	1937	1938	1939	1940	1941	1942	Average
6 A. G. S.	448,904	335,008	517,617	568,243	585,759	32,693	I 359,804	304,060
7 Clinchfield	91,828	429,061	124,231	131,743	112,151	89,613	84,999	109,089
8 Central of Ga.	1,453,501	1,532,499	1,817,508	1,699,567	1,879,644	1,190,126	I 389,128	1,311,960
9 C. N. O. & T. P.	686,431	413,027	790,206	908,079	804,385	423,651	I 615,097	475,669
10 G. M. & O.	1,006,978	994,335	1,047,561	1,107,153	1,308,317	1,180,424	592,500	1,033,895
11 I. C. (Inc. V. & M. V.)	7,469,920	4,456,110	5,281,958	5,656,189	6,436,582	5,873,041	578,425	5,107,464
12 L. & N.	5,479,064	5,887,764	6,556,946	6,404,436	6,815,661	4,915,634	I 2,069,666	4,848,548
13 N. C. & St. L.	648,694	761,372	824,626	841,791	764,263	675,092	I 709,082	543,822
14 St. L.-S. F.	4,569,015	4,676,233	5,106,317	4,789,464	4,423,543	3,349,768	I 3,679,728	3,319,230
15 Southern	3,898,261	4,121,888	4,928,905	4,808,631	5,222,582	927,593	I 9,748,714	2,022,722
16 Tenn. Central	59,683	74,920	93,338	114,276	123,965	140,975	84,185	98,763
17 Total	25,762,279	23,382,217	27,008,213	27,029,572	28,476,852	18,798,540	I 16,231,130	19,175,222
18 Cumulative deficit 1936-41								\$150,457,693
19 Years like 1942 required to wipe out								9

Note—Net Railway Operating Income, not separated as between freight and passenger for T. A. & G.

SOURCE—Annual Reports to I. C. C.

I—Denotes Income.

SOUTHERN REGION
REVENUES, EXPENSES AND NET INCOME
RAILWAYS OF CLASS I—YEARS 1921-1942

Year	Investment in Railway Property used in transpor- tation service	Total Operating Revenues	Total Operating Expenses	Taxes	Net Railway Operating Income Amount	Rate of Return	Net Income
1921	\$2,544,543,695	\$ 684,727,318	\$ 589,349,969	\$ 30,038,104	\$ 57,840,946	2.27%	\$ 7,841,391
1922	2,591,156,704	711,489,119	554,924,589	37,636,117	109,666,782	4.23	55,791,992
1923	2,740,319,955	807,900,577	627,558,235	42,177,128	129,644,627	4.73	77,507,509
1924	2,848,043,577	787,949,317	594,875,149	44,962,899	142,445,074	5.00	86,311,303
1925	2,989,626,741	846,581,262	616,488,300	50,937,634	167,565,759	5.60	112,068,078
1926	3,155,883,365	874,464,159	646,031,708	53,837,054	163,040,381	5.17	105,154,742
1927	3,236,589,190	813,166,422	618,642,232	50,644,073	136,488,599	4.22	77,275,619
1928	3,292,527,033	771,814,281	582,068,993	50,940,833	133,545,258	4.06	72,234,499
1929	3,324,161,166	767,324,856	579,047,334	51,147,375	132,634,559	3.99	73,059,468
1930	3,338,881,112	641,628,178	503,008,762	42,974,495	88,405,628	2.65	30,866,079
Avg. 1921-30	3,006,173,253	770,704,548	591,201,527	45,537,572	126,128,361	4.20	69,810,548
1931	3,321,736,996	515,584,069	424,823,685	36,863,350	44,119,880	1.33 D	22,562,485
1932	3,300,356,863	377,781,440	312,379,830	31,784,693	25,802,843	0.78 D	48,626,465
1933	3,245,727,101	388,514,453	291,234,184	28,256,926	39,677,490	1.14 D	16,048,078
1934	3,214,398,995	408,242,449	315,267,590	27,034,974	54,520,803	1.70 D	19,228,469
1935	3,182,822,084	429,651,453	342,529,025	28,079,336	49,301,947	1.55 D	24,736,251
1936	3,174,468,831	500,904,542	371,241,330	37,018,915	80,146,408	2.52	10,743,969
1937	3,155,343,353	516,590,873	390,555,654	39,199,291	74,160,012	2.35	6,601,155
1938	3,173,336,647	471,305,776	357,486,929	42,056,626	60,204,023	1.90 D	9,734,450
1939	3,183,259,365	512,031,356	378,090,055	43,853,775	79,592,778	2.50	11,667,811
1940	3,184,435,186	545,276,358	404,502,838	48,623,247	81,939,906	2.57	15,726,381
1941	3,273,594,731	698,242,859	472,968,083	76,418,137	138,673,394	4.24	74,845,799
1942	3,338,644,861	1,052,924,537	622,964,370	194,186,597	214,151,928	6.41	\$3,250,208
Avg. 1931-42	\$3,229,010,410	\$ 534,754,180	\$ 390,336,964	\$ 52,781,156	\$ 80,190,951	2.48	\$ 10,991,594
Avg. 1921-42	\$3,127,720,794	\$ 642,004,348	\$ 481,639,038	\$ 49,488,617	\$ 101,071,592	3.23	\$ 37,727,482

33 D—Denotes Deficit. a—includes allowance for working capital.

34 SOURCE—Association of American Railroads—Bureau of Railway Economics.

AVERAGE ANNUAL RATES OF RETURN—1921-1942, INCLUSIVE
RAILROADS OPERATING IN STATE OF TENNESSEE
(PETITIONERS IN THIS PROCEEDING)

	Investment in Railway Property Used in Trans- portation Service, incl. Cash & Matl. and Supplies	Net Railway Operating Income	Rate of Return
8 Alabama Great Southern.....	\$ 36,581,632	\$ 1,631,507	4.46
9 Clinchfield.....	72,291,593	2,847,657	3.94
10 Central of Georgia.....	105,027,438	2,847,492	2.71
11 C. N. O. & T. P.....	77,391,113	4,259,704	5.50
12 G. M. & O.....	104,792,228	2,861,641	2.73
13 I. C. (Incl. Y. & M. V.).....	683,211,408	22,360,840	3.27
14 L. & N.....	469,700,457	17,700,720	3.77
15 N. C. & St. L.....	99,179,915	2,473,903	2.49
16 St. L. & S. F.....	424,309,155	12,686,465	2.99
17 Southern.....	612,069,932	22,891,307	3.74
18 T. A. & G.....	1,373,071	41,830	3.05
19 Tennessee Central.....	8,553,880	305,099	3.57
20 Total.....	\$ 2,694,484,822	\$ 92,908,165	3.45

21 SOURCE: Reports of Carriers to Bureau of Ry. Economics, Ass'n. of American R.R.'s,
and the I.C.C. (beginning in 1936).

AVERAGE RATES OF RETURNS—1921-1942**Weighted in Proportion to Miles of Road Operated at Close of Year 1942****Railroads Operating in State of Tennessee****(Petitioners in This Proceeding)**

Roads	Entire Line			In State of Tennessee		
	Miles	Return	Weighting	Miles	Return	Weighting
A. C. S. S.	315.14	4.46	1,406	9.61	4.46	43
Clinchfield	308.31	3.94	1,215	56.77	3.94	222
Central of Georgia	1,815.65	2.71	4,920	4.04	2.71	11
C. N. O. & T. P.	336.58	5.50	1,851	137.35	5.50	755
G. M. & O.	1,968.91	2.73	5,375	296.05	2.73	808
I. C. (Incl. Y. & M. V.)	6,365.47	3.27	20,815	356.71	3.27	1,166
L. & N.	4,744.58	3.77	17,887	893.57	3.77	3,369
N. C. & St. L.	1,090.00	2.49	2,714	784.08	2.49	1,952
St. L.-S. F.	4,670.55	2.99	13,965	18.34	2.99	55
Southern	6,513.78	3.74	24,362	679.74	3.74	2,542
T. A. & G.	94.63	3.05	288	7.85	3.05	24
Tenn. Central	285.71	3.57	1,020	269.42	3.57	962
Total	28,509.31	3.36	95,818	3,513.05	3.39	11,909

SOURCE—Mileage from annual reports to I. C. C.; Return computed on basis data furnished by carriers to Bureau of Railway Economics, A. of A. R.

FACT AND EXTENT OF REVENUE NEED**AVERAGE YEAR OF 22 (1921-42, INCLUSIVE)****WEIGHTED IN PROPORTION TO MILES OF ROAD OPERATED AT CLOSE OF YEAR 1942****RAILROADS OPERATING IN STATE OF TENNESSEE****(PETITIONERS IN THIS PROCEEDING)**

Road	Entire Line			In State of Tennessee		
	Miles	Ratio	Weighted	Miles	Ratio	Weighted
Ala. Great Sou.	315	105	33,075	10	105	1,050
Clinchfield	308	116	35,728	56	116	6,496
Central of Ga.	1,816	114	207,024	4	114	456
C. N. O. & T. P.	337	101	34,037	137	101	13,837
G. M. & O.	1,969	114	224,466	296	114	33,744
I. C. (Incl. Y. & M. V.)	6,365	110	700,140	357	110	96,552
L. & N.	4,745	108	512,460	894	108	96,552
N. C. & St. L.	1,090	115	125,350	784	115	90,160
St. L.-S. F.	4,671	116	541,836	18	116	2,088
Southern	6,514	110	716,540	680	110	74,800
T. A. & G.	95	108	10,260	8	108	864
Tenn. Central	286	106	30,316	269	106	28,514
Total	28,511	112	3,171,242	3,513	110	387,831

SOURCE—Mileage from Annual Reports to I. C. C.; Ratios are computed from detail of investment in railway property used in transportation service (incl. Cash & Mtl. & Supplies) and gross railway operating income and outgo furnished by carriers to Bureau of Ry. Economics, A. A. R.

1 **ELEMENTS OF VALUE OF PROPERTY USED IN COMMON CARRIER SERVICE**
2 **AS OF JANUARY 1, 1940**
3 **RAILROADS OPERATING IN STATE OF TENNESSEE**
4 **(PETITIONERS IN THIS PROCEEDING)**

5 Road	Basis A		Basis B		Current Appraisal		Capital Outlay	
	Production Cost	Reproduction Estimate	Lands	Working Capital	Basis A	Basis B		
6 A. G. S.	\$ 35,341,407	\$ 36,599,880	\$ 3,198,083	\$ 230,100	\$ 38,769,390	\$ 40,028,063		
7 Clinchfield.....	48,909,391	52,237,313	905,700	414,400	50,229,691	53,557,413		
8 C. of G.	106,525,026	127,121,978	11,127,123	979,500	119,631,649	139,228,601		
9 C. N. O. & T. P.	91,057,859	98,087,537	4,901,295	699,600	96,658,754	103,688,432		
10 G. M. & O.	86,144,899	100,411,738	4,573,433	2,085,700	92,804,032	107,070,871		
11 I. C. (Inc. Y.&M.V.)	654,433,168	716,737,862	79,713,664	5,951,000	740,097,832	802,402,526		
12 L. & N.	500,444,673	569,677,300	25,805,045	8,377,500	534,627,218	603,859,845		
13 N. C. & St. L.	79,152,374	96,871,316	11,848,679	1,662,800	92,663,853	110,382,795		
14 St. L. - S. F.	298,731,038	331,703,737	20,092,158	4,132,500	322,955,696	355,928,395		
15 Southern.....	493,419,141	575,189,378	46,116,614	5,732,800	545,268,553	627,038,792		
16 Tenn. Central.....	14,435,770	17,432,081	995,537	170,800	15,602,107	18,598,418		
17 Total.....	\$2,408,594,946	\$2,722,070,120	\$209,277,331	\$ 30,436,700	\$ 2,648,308,977	\$2,961,784,151		
18 Ratio.....	100	113			100	112		
19 Reproduction estimate.....				\$2,722,070,120				
20 Current land appraisal.....				209,277,331				
21 Total.....				\$2,931,347,451				
22 As compared with returned under Schedule 211N.....				2,632,392,818				
23 Excess investment presently required.....				11%				

SOURCE: Exhibit A-1f, Ex Parte No. 148.

1 **FREIGHT AND PASSENGER OPERATING RATIOS**
2 **RAILROADS OPERATING IN STATE OF TENNESSEE**
3 **(PETITIONERS IN THIS PROCEEDING)**

4	1936		1937		1938		1939		1940		1941		1942		Average	
	Frt.	Pasn.	Frt.	Pasn.	Frt.	Pasn.	Frt.	Pasn.	Frt.	Pasn.	Frt.	Pasn.	Frt.	Pasn.	Frt.	Pasn.
6 Alabama Great Southern.....	66	116	66	111	65	128	59	132	58	127	57	81	49	54	58	92
7 Clinchfield.....	54	170	51	198	53	194	46	222	46	195	40	164	41	144	46	181
8 Central of Georgia.....	73	138	77	139	76	157	76	154	74	154	64	117	56	77	70	123
9 C. N. O. & T. P.	53	116	55	106	59	117	55	118	46	117	47	96	51	62	52	96
10 G. M. & O.	65	161	70	161	68	173	68	184	69	205	62	154	59	121	65	165
11 I. C. (incl. Y.&M.V.)	65	133	67	116	65	120	65	123	67	127	64	118	61	94	64	116
12 L. & N.	65	130	68	134	67	143	65	142	65	144	58	119	56	72	62	115
13 N. C. & St. L.	78	125	80	125	72	126	70	128	70	124	65	113	62	70	69	107
14 St. L. - S. F.	70	157	73	154	77	165	73	162	70	158	65	127	62	71	69	127
15 Southern.....	62	112	65	109	62	115	60	116	61	118	58	94	55	57	60	93
16 Tennessee Central.....	67	131	70	138	69	152	69	163	69	167	69	176	71	118	69	145
17 Total.....	65	129	68	124	66	131	65	132	64	133	60	111	58	72	63	110

18 Statistics for Tenn. Ala. & Ga. not available.

SOURCE: Reports of carriers to the Interstate Commerce Commission.

**FREIGHT AND PASSENGER OUTGO RATIOS
RAILROADS OPERATING IN STATE OF TENNESSEE
(PETITIONERS IN THIS PROCEEDING)**

	1936		1937		1938		1939		1940		1941		1942		Average	
	Frt.	Pasn.	Frt.	Pasn.	Frt.	Pasn.	Frt.	Pasn.	Frt.	Pasn.	Frt.	Pasn.	Frt.	Pasn.	Frt.	Pasn.
6 A. G. S.	76	144	74	131	66	151	65	158	68	164	75	102	87	90	75	121
7 Clinchfield	57	192	51	224	59	227	52	256	55	227	50	186	41	144	51	204
8 Cent. of Ga.	80	157	83	158	84	182	83	179	81	179	71	137	69	94	77	143
9 C. N. O. & T. P.	62	135	64	100	65	138	62	148	64	139	68	116	82	88	68	116
10 G. M. & O.	78	184	83	138	83	195	81	206	84	231	78	207	80	133	81	179
11 I. C. (Incl. Y. & M. V.)	75	143	71	124	75	134	76	137	76	141	74	131	77	102	75	127
12 L. & N.	70	150	74	153	74	164	72	163	73	164	71	136	84	93	75	135
13 N. C. & St. L.	83	129	87	132	80	138	78	138	79	133	76	123	80	88	80	119
14 St. L. S. F.	75	174	77	171	83	189	78	183	76	177	70	142	67	79	74	142
15 Southern	71	124	76	124	74	133	70	132	71	134	72	104	77	78	73	110
16 Tenn. Central	77	138	83	151	84	170	82	181	82	185	80	192	84	127	82	158
17 Total	73	143	74	136	76	149	73	150	74	151	72	126	77	89	74	126

18 Statistics for T. A. & G. not available.

SOURCE: Reports of Carriers to the Interstate Commerce Commission.

**(102) PASSENGER, (104) SLEEPING CAR, (105) PARLOR AND CHAIR CAR, (108)
OTHER PASSENGER TRAIN REVENUE, AND (131) DINING AND BUFFET
REVENUE
PER PASSENGER CARRYING CAR MILE (CENTS)
RAILROADS OPERATING IN STATE OF TENNESSEE
(PETITIONERS IN THIS PROCEEDING)**

	1936	1937	1938	1939	1940	1941	1942	Average
6 Road								
7 Ala. Great Southern	15.26	17.16	14.78	14.35	15.97	23.86	47.33	22.61
8 Clinchfield	8.95	9.20	7.48	6.61	7.23	9.16	13.87	8.95
9 Central of Georgia	12.93	13.07	11.42	11.10	11.84	16.49	30.10	16.40
10 C. N. O. & T. P.	16.85	19.02	17.26	16.93	17.44	22.36	43.64	22.95
11 G. M. & O.	13.13	14.31	12.24	11.01	10.73	14.57	27.19	14.82
12 I. C. (incl. Y. & M. V.)	17.16	16.66	17.66	17.53	18.15	21.21	34.02	20.95
13 L. & N.	14.18	15.21	13.72	13.51	14.11	18.17	35.97	18.87
14 N. C. & St. L.	13.76	14.37	13.38	13.40	14.41	18.32	39.11	19.41
15 St. L. S. F.	14.15	14.44	13.43	13.70	13.60	18.60	37.78	18.97
16 Southern	16.03	16.96	15.85	15.92	16.60	22.51	45.10	22.47
17 T. A. & G.	11.89	22.00	18.77	17.25	18.23	19.39	32.41	18.99
18 Tenn. Central	9.01	8.94	7.60	7.38	8.12	7.84	20.76	10.44
19 Total	15.43	16.45	15.20	15.02	15.65	20.21	38.21	20.32
20 Total excluding T. A. & G.	15.43	16.45	15.20	15.02	15.65	20.21	38.21	20.32

SOURCE: Reports of Carriers to the I. C. C.

(103) BAGGAGE, (106) MAIL, (107) EXPRESS, AND (109) MILK REVENUE
 PER BAGGAGE, MAIL AND EXPRESS CAR MILE (CENTS)
 RAILROADS OPERATING IN STATE OF TENNESSEE
 (PETITIONERS IN THIS PROCEEDING)

Road	1906	1907	1908	1909	1910	1911	1912	Average
A. G. S.	23.31	23.23	27.02	26.81	23.66	25.45	27.95	25.39
Clinchfield	27.57	29.74	34.15	38.83	37.10	38.58	42.08	34.78
Central of Ga.	23.04	20.18	10.27	18.34	17.80	18.97	20.99	18.46
C. N. O. & T. P.	26.90	27.66	25.85	25.86	26.01	25.22	26.57	26.27
G. M. & O.	26.72	24.95	25.88	26.09	24.27	26.76	32.75	26.55
I. C. (Incl. Y. & M. V.)	20.08	19.29	18.71	17.83	19.63	20.64	21.45	19.91
L. & N.	30.93	29.22	28.06	29.08	28.38	29.00	30.81	29.22
N. C. & St. L.	31.20	28.21	26.88	27.66	26.85	26.71	30.61	28.28
St. L. - S. F.	28.01	26.70	25.43	24.92	26.91	26.92	28.57	26.82
Southern	32.71	31.72	30.65	28.98	27.82	28.76	31.21	30.20
T. A. & G.	31.86	32.29	30.99	31.14	31.19	31.43	31.76	31.52
Tenn. Central	51.91	57.11	53.62	59.18	67.03	53.92	45.09	54.24
Average	26.72	25.44	24.10	24.12	24.57	25.37	27.71	25.46
Avg. excl. T. A. & G.	26.72	25.44	24.09	24.12	24.57	25.36	27.71	25.46

SOURCE: Annual reports to I. C. C.

REVENUE PER PASSENGER MILE (CENTS)—COACHES (OTHER THAN
 COMMUTATION)
 RAILROADS OPERATING IN TENNESSEE
 (PETITIONERS IN THIS PROCEEDING)

Road	1907	1908	1909	1910	1911	1912	Average
A. G. S.	1.430	1.714	1.341	1.291	1.276	1.446	1.406
Clinchfield	1.580	2.018	1.511	1.480	1.483	1.653	1.608
Central of Georgia	1.468	1.756	1.364	1.344	1.421	1.577	1.494
C. N. O. & T. P.	1.489	1.804	1.347	1.288	1.363	1.638	1.509
G. M. & O.	1.546	1.683	1.547	1.548	1.620	1.978	1.673
I. C. (Incl. Y. & M. V.)	1.543	1.738	1.593	1.565	1.645	1.923	1.699
L. & N.	1.496	1.788	1.403	1.395	1.437	1.578	1.520
N. C. & St. L.	1.529	1.839	1.480	1.489	1.464	1.540	1.535
St. L. - S. F.	1.785	1.790	1.733	1.748	1.816	2.029	1.873
Southern	1.448	1.824	1.345	1.291	1.423	1.600	1.507
Tenn. Central	1.727	1.769	1.719	1.803	1.589	1.486	1.619
Average	1.524	1.774	1.477	1.446	1.515	1.697	1.594

17 SOURCE: Form APT rendered to I. C. C.

18 Statistics for T. A. & G. not available.

1 **REVENUE PER PASSENGER MILE (CENTS)—IN PARLOR AND SLEEPING CARS**
 2 **RAILROADS OPERATING IN STATE OF TENNESSEE**
 3 **(PETITIONERS IN THIS PROCEEDING)**

4 Roads	1937	1938	1939	1940	1941	1942	Average
5 A. G. S.	2.346	2.423	2.461	2.383	2.151	2.149	2.233
6 Clinchfield	2.482	3.132		1.011	2.468	3.292	2.504
7 Central of Georgia	2.049	2.049	2.049	2.049	2.049	2.234	2.125
8 C. N. O. & T. P.	2.368	2.439	2.471	2.444	2.436	2.601	2.515
9 G. M. & O.	1.635	1.952	1.937	2.001	2.016	2.248	2.084
10 I. C. (Inc. Y. & M. V.)	2.151	2.028	2.237	2.153	1.967	1.919	2.038
11 L. & N.	2.222	2.354	2.384	2.321	2.309	2.498	2.387
12 N. C. & St. L.	2.411	2.495	2.478	2.377	2.405	2.663	2.528
13 St. L. & S. P.	2.162	2.397	2.376	2.341	2.341	2.324	2.323
14 Southern	2.328	2.416	2.407	2.353	2.435	2.880	2.555
15 Tenn. Central	2.570	2.536	2.614	2.579	2.566	2.963	2.728
16 Total	2.246	2.311	2.358	2.300	2.283	2.483	2.366

17 Statistics for T. A. & G. not available.

SOURCE: Form APT rendered to I. C. C.

1 **REVENUE (OTHER THAN COMMUTATION) PER COACH MILE (CENTS)**
 2 **RAILROADS OPERATING IN TENNESSEE**
 3 **(PETITIONERS IN THIS PROCEEDING)**

4 Roads	1937	1938	1939	1940	1941	1942	Average
5 A. G. S.	26.12	22.58	21.65	22.54	30.77	55.18	32.88
6 Clinchfield	13.62	10.99	9.77	10.72	12.09	20.33	13.68
7 Central of Georgia	22.35	18.43	18.11	19.35	24.74	39.22	25.13
8 C. N. O. & T. P.	25.20	19.91	20.18	22.76	26.34	51.85	30.50
9 G. M. & O.	25.74	20.21	19.11	18.81	21.29	34.60	23.13
10 I. C. (Inc. Y. & M. V.)	22.12	20.96	20.05	21.42	26.74	42.71	26.20
11 L. & N.	20.06	17.10	16.55	17.64	23.55	43.72	24.52
12 N. C. & St. L.	23.35	18.80	18.73	21.75	29.28	50.17	29.46
13 St. L. & S. P.	21.33	17.69	17.47	19.72	27.15	55.18	27.82
14 Southern	20.37	19.32	19.14	20.94	29.99	57.89	30.72
15 Tenn. Central	12.56	10.31	10.34	11.57	13.21	29.92	15.18
16 Average	21.35	19.15	18.59	20.09	26.66	48.36	27.16

SOURCE: Form APT rendered to I. C. C.

REVENUE PER SLEEPING AND PARLOR CAR MILE (CENTS)
RAILROADS OPERATING IN STATE OF TENNESSEE
(PETITIONERS IN THIS PROCEEDING)

4	5 Road	1907	1908	1909	1910	1911	1912	Average
5	A. G. S.	22.21	19.63	19.41	22.99	35.84	59.70	33.37
6	Clinchfield	3.31	112.38		11.03	55.09	82.29	51.31
7	Central of Georgia	13.12	13.72	12.81	13.17	19.15	37.85	19.69
8	C. N. O. & T. P.	24.69	25.03	24.73	24.65	32.61	65.40	33.29
9	G. M. & O.	5.27	5.24	54.39	4.10	8.53	22.16	9.69
10	I. C. (Incl. V. & M. V.)	18.99	17.01	17.84	17.41	19.29	31.48	20.93
11	L. & N.	18.99	18.79	18.59	18.64	22.80	44.51	25.48
12	N. C. & St. L.	16.82	18.00	17.48	17.22	20.98	52.29	25.45
13	St. L. S. F.	17.56	18.63	18.03	17.63	24.59	44.51	25.55
14	Southern	27.74	26.95	26.52	26.09	32.84	63.15	35.68
15	Tenn. Central	16.24	15.53	14.33	14.41	9.32	25.51	16.91
16	Total	20.94	20.38	20.30	20.12	25.29	47.47	27.26
17	Statistics for T. A. & G. not available.							

SOURCE: Form APT rendered to I. C. C.

TOTAL RAILWAY TAX ACCRUALS (ACCOUNT 532)
RAILROADS OPERATING IN STATE OF TENNESSEE
(PETITIONERS IN THIS PROCEEDING)

4	5 Road	1906	1907	1908	1909	1910	1911	1912	Average
5	Alabama Great Southern	\$ 538,176	\$ 673,845	\$ 715,185	\$ 882,224	\$ 1,078,245	\$ 1,628,110	\$ 6,639,606	\$ 1,735,770
6	Clinchfield	725,979	467,020	591,870	699,854	1,004,754	1,240,431	1,497,561	889,767
7	Central of Georgia	1,137,601	1,052,802	1,338,233	1,351,817	1,441,266	1,628,110	2,508,296	1,493,089
8	C. N. O. & T. P.	1,330,937	1,436,302	1,595,488	1,813,272	2,227,001	3,755,992	8,896,710	3,007,957
9	G. M. & O.	1,247,704	1,217,236	1,321,777	1,377,118	1,541,369	2,495,355	4,651,400	1,978,851
10	I. C. (Incl. V. & M. V.)	9,119,756	8,048,582	9,683,876	10,132,942	10,028,949	13,444,595	26,522,731	12,425,919
11	L. & N.	6,626,087	7,716,721	7,114,734	8,135,700	10,304,935	18,212,127	48,370,589	15,211,556
12	N. C. & St. L.	541,497	877,159	921,860	934,296	1,100,371	1,855,540	5,047,943	1,611,238
13	St. L. S. F.	3,538,418	3,194,565	3,749,227	3,757,097	3,771,505	4,125,271	4,839,991	3,853,296
14	Southern*	5,936,208	7,134,838	7,437,953	7,886,854	8,391,483	15,552,058	41,488,305	13,403,971
15	Tenn., Ala. & Ga.	37,770	23,769	34,159	54,477	80,723	80,424	105,664	59,569
16	Tenn. Central	90,560	120,190	151,089	161,291	170,240	216,472	340,323	178,595
17	Total	\$30,870,693	\$31,963,929	\$34,648,951	\$37,186,942	\$41,835,841	\$64,231,495	\$150,909,209	\$55,849,578
18	Total excl. T. A. & G.	\$30,832,923	\$31,940,160	\$34,614,792	\$37,132,465	\$41,055,118	\$64,151,071	\$150,803,545	\$55,790,009
19	Index	100	104	112	120	133	208	429	181

*Includes Gulf, Mobile & Northern and Mobile & Ohio.

*Includes Nor. Ala. Ry. Co.

SOURCE: Reports of the carriers to Interstate Commerce Commission.

RAILWAY TAX ACCRUALS—PASSENGER
RAILROADS OPERATING IN STATE OF TENNESSEE
(PETITIONERS IN THIS PROCEEDING)

Roads	1936	1937	1938	1939	1940	1941	1942	Average
5 Ala. Great Southern.	\$ 135,290	\$ 113,560	\$ 127,222	\$ 134,081	\$ 155,484	\$ 150,467	\$1,039,893	\$ 265,142
6 Clinchfield.....	21,979	26,314	31,575	28,272	28,250	21,862	25,419	26,239
7 Central of Georgia.....	300,554	269,260	354,989	341,469	372,884	385,211	626,302	377,810
8 C. N. O. & T. P.....	161,241	209,746	251,383	401,248	267,335	277,263	1,186,214	393,490
9 Galf, Mobile & Ohio.	168,090	156,648	189,758	180,297	205,190	209,505	193,398	186,127
10 I. C. (Incl. Y & M.V.)	2,283,943	1,872,773	2,336,200	2,316,764	2,314,004	2,663,516	2,820,304	2,372,501
11 L. & N.....	1,307,787	1,498,428	1,661,076	1,561,801	1,635,869	1,716,511	5,450,546	2,118,860
12 N. C. & St. L.....	126,872	208,238	229,635	227,632	225,600	254,765	1,087,892	337,225
13 St. L.-S. F.....	872,928	793,849	949,304	910,720	897,241	932,870	1,082,706	919,945
14 Southern.....	1,400,676	1,840,445	1,930,708	1,810,427	1,961,963	1,926,381	8,912,325	2,826,132
15 Tenn. Central.....	7,487	13,212	17,210	18,986	19,748	19,875	24,817	17,334
16 Total.....	\$6,786,847	\$7,002,473	\$8,079,060	\$7,931,697	\$8,083,568	\$8,558,226	\$22,443,756	\$ 9,840,805
17 Index.....	100	103	119	117	119	126	331	145

SOURCE: Reports of the Carriers to the Interstate Commerce Commission.

1 INDICES OF HOURLY COMPENSATION (CENTS)—ALL EMPLOYEES (1936=100)
2 (RAILROADS OPERATING IN STATE OF TENNESSEE)
3 (PETITIONERS IN THIS PROCEEDING)

Roads	1936	1937	1938	1939	1940	1941	1942	Average
5 Ala. Great Southern.	100	105	113	115	115	121	138	117
6 Clinchfield.....	100	103	110	110	110	116	126	112
7 Central of Ga.....	100	102	112	111	113	120	132	113
8 C. N. O. & T. P.....	100	103	109	110	111	116	127	112
9 G.M. & O.....	100	109	118	116	116	124	135	114
10 I. C. (Incl. Y & M.V.)	100	103	109	108	108	113	122	110
11 L. & N.....	100	103	109	109	109	114	124	110
12 N. C. & St. L.....	100	104	112	110	111	115	125	118
13 St. L.-S. F.....	100	103	108	109	109	110	125	110
14 Southern.....	100	102	110	108	109	115	126	111
15 T. A. & G.....	100	104	113	121	133	147	171	125
16 Tenn. Central.....	100	104	112	111	110	116	126	112
17 Total.....	100	107	110	109	109	116	125	111

SOURCE: Annual Reports to Interstate Commerce Commission.

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SOUTHERN REGION

Index of Average Unit Prices of Railway Material and Supplies, Including Fuel

October 1896=100

	Oct. 1, 1936	Jan. 1, 1937	Apr. 1, 1937	Oct. 1, 1937	Dec. 1, 1937	Jan. 1, 1938	Dec. 1, 1938	June 1, 1939	Dec. 1939	June 1940	Dec. 1940	June 1941	Dec. 1941	June 1942	Dec. 1942	June 1943
Forest Products.....	100	106	110	108	107	102	99	101	111	110	131	132	148	172	182	193
Iron and Steel Prod....	100	108	119	121	122	120	112	112	117	113	114	119	122	123	148	121
Misc. Products.....	100	108	117	131	105	101	104	101	107	105	105	106	109	115	185	118
Total (excl. Fuel).....	100	108	116	115	114	111	107	106	113	110	115	119	124	131	166	136
Fuel (Coal and Oil)....	100	103	106	110	112	110	108	109	109	110	110	117	125	127	129	147
Total (incl. Fuel).....	100	106	113	114	113	111	107	107	111	110	114	118	124	130	154	140

SOURCE: Records of Association of American Railroads—Bureau of Railway Economics.

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REVENUE PASSENGER MILES PER TRAIN MILE

RAILROADS OPERATING IN STATE OF TENNESSEE

(PETITIONERS IN THIS PROCEEDING)

Roads	1916	1917	1918	1919	1920	Average
A. G. S.....	66.59	91.42	107.35	103.86	93.05	92.59
Cinchfield.....	34.20	43.94	57.81	48.59	50.80	47.14
Central of Georgia.....	43.97	54.70	67.27	68.98	64.81	59.84
C. N. O. & T. P.....	58.34	86.02	111.43	82.62	85.39	84.00
G. M. & O.....	37.01x	36.56	41.55	42.59	44.25	40.57
I. C. (inc. Y. & M. V.).....	52.71	57.95	63.36	70.19	70.63	62.98
L. & N.....	52.44	65.12	82.68	80.07	78.77	71.86
N. C. & St. L.....	62.76	55.52	90.51	74.57	68.52	70.44
St. L. & S. F.....	58.75	69.97	80.26	88.54	85.72	76.44
Southern.....	49.29	66.57	91.19	76.31	68.79	70.66
T. A. & G.....	11.48	11.91	11.24	13.28	14.18	12.39
Tenn. Central.....	31.32	33.64	95.53	41.33	42.08	49.04
Total.....	52.04	62.72	78.59	75.34	72.37	68.29
Total excluding T. A. & G.....	52.08	62.77	78.66	75.40	72.43	68.35

xDoes not include Gulf, Mobile & Northern—not listed in Blue Book.

SOURCE: I. C. C. Statistics of Railways in the United States.

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REVENUE PASSENGER MILES PER TRAIN MILE

2

RAILROADS OPERATING IN STATE OF TENNESSEE

3

(PETITIONERS IN THIS PROCEEDING)

4	Roads	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	Average
5	A. G. S.	68.20	61.32	70.51	67.39	64.99	56.35	51.05	58.51	55.13	60.85	59.16
6	Clinchfield	43.89	41.89	47.19	38.16	32.25	28.98	25.82	18.26	16.45	10.99	30.64
7	Central of Georgia	46.57	42.69	45.03	42.09	45.03	43.88	34.96	30.88	29.03	23.74	38.56
8	C. N. O. & T. P.	68.15	70.41	82.50	71.18	69.95	62.80	58.16	55.14	50.48	36.25	62.00
9	G. M. & O.	31.42	30.61	31.90	29.06	27.85	26.93	23.26	19.74	18.69	14.29	25.27
10	I. C. (Incl. Y. & M. V.)	34.58	53.74	55.99	51.56	51.33	51.10	50.77	48.05	48.68	43.62	50.88
11	L. & N.	60.43	55.53	62.26	57.22	53.80	50.89	47.71	42.96	39.13	31.09	50.06
12	N. C. & St. L.	56.81	51.76	52.90	48.87	48.31	44.44	41.24	37.66	35.59	29.48	45.13
13	St. L.-S. F.	63.42	60.89	62.61	55.30	50.95	48.35	44.46	38.23	36.30	31.99	49.53
14	Southern	58.43	57.21	61.92	57.11	55.55	54.07	49.82	46.58	43.88	34.72	52.09
15	T. A. & G.	8.53	9.01	8.82	7.92	8.12	6.76	5.38	4.33	4.22	3.08	6.68
16	Tenn. Central	34.27	32.62	36.79	32.86	28.93	24.84	23.51	20.54	16.82	12.51	27.39
17	Average	56.66	54.40	58.21	53.23	51.71	49.91	46.68	42.97	41.20	34.40	48.97
18	Average excl. T. A. & G.	56.71	54.44	58.28	53.29	51.76	49.95	46.72	43.01	41.24	34.43	49.02

SOURCE: I. C. C. Statistics of Railways in the United States.

1

REVENUE PASSENGER MILES PER TRAIN MILE

2

RAILROADS OPERATING IN STATE OF TENNESSEE

3

(PETITIONERS IN THIS PROCEEDING)

4	Roads	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	Average
5	A. G. S.	31.66	31.67	35.22	45.99	49.98	52.01	56.62	41.68	44.87	52.21	44.16
6	Clinchfield	7.71	4.19	4.87	13.33	15.63	17.82	17.31	10.96	13.09	14.64	11.82
7	Central of Georgia	18.17	14.10	25.71	33.63	34.53	39.88	38.58	29.46	34.86	39.32	30.16
8	C. N. O. & T. P.	29.73	26.10	39.90	45.30	44.40	58.99	63.31	48.16	54.72	62.39	46.89
9	G. M. & O.	11.62	11.75	17.18	17.33	18.28	21.66	22.82	17.76	17.73	17.17	17.53
10	I. C. (Incl. Y. & M. V.)	39.33	38.17	47.52	49.15	43.00	49.51	55.87	50.08	51.74	56.02	47.68
11	L. & N.	25.44	23.77	26.60	34.00	38.40	44.29	47.47	35.30	40.68	44.72	35.61
12	N. C. & St. L.	26.37	21.88	26.20	32.60	34.70	37.03	39.89	29.50	34.74	39.99	32.15
13	St. L.-S. F.	25.62	20.81	19.07	24.52	26.46	31.82	33.69	30.13	30.34	30.95	27.83
14	Southern	27.75	25.19	28.40	37.20	39.90	45.76	46.60	35.60	44.02	49.56	37.58
15	T. A. & G.	2.34	1.50	1.91	5.59	6.21	7.85	6.70	4.59	5.38	5.75	4.78
16	Tenn. Central	10.33	9.88	9.46	13.35	13.19	12.92	13.08	10.61	10.60	11.53	11.50
17	Average	28.85	26.47	31.09	36.97	37.44	43.24	46.08	37.50	41.67	45.71	37.19
18	Average excl. T. A. & G.	28.88	26.50	31.14	37.01	37.48	43.29	46.14	37.55	41.73	45.78	37.24

SOURCE: I. C. C. Statistics of Railways in the U. S.

**REVENUE PASSENGER MILES PER TRAIN MILE
RAILROADS OPERATING IN STATE OF TENNESSEE
(PETITIONERS IN THIS PROCEEDING)**

	Roads	1941	1942	Jan.-Aug. 1943
5	Alabama Great Southern.....	96.14	178.72	237.16
6	Clinchfield.....	18.07	26.09	42.68
7	Central of Georgia.....	60.27	109.51	158.22
8	Cincinnati, New Orleans & Texas Pacific.....	81.05	145.89	167.73
9	Gulf, Mobile & Ohio.....	20.63	42.80	76.79
10	Illinois Central (Incl. Y. & M. V.).....	66.90	105.12	193.31
11	Louisville & Nashville.....	60.45	121.76	214.48
12	Nashville, Chattanooga & St. Louis.....	56.82	129.01	198.07
13	St. Louis-San Francisco.....	44.93	106.01	161.49
14	Southern.....	70.43	145.01	200.25
15	T. A. & G.....	12.30	17.97	*
16	Tennessee Central.....	12.56	40.90	90.47
17	Total.....	61.77	119.86	189.11
18	Total exclusive T. A. & G.....	61.81	119.94	189.11

*Not available.

SOURCE: Form OSD rendered to Interstate Commerce Commission.

**REVENUE PASSENGER MILES PER CAR MILE
RAILROADS OPERATING IN STATE OF TENNESSEE
(PETITIONERS IN THIS PROCEEDING)**

	Roads	1916	1917	1918	1919	1920	Average
5	A. G. S.....	14.82	19.00	23.67	23.30	21.85	20.51
6	Clinchfield.....	10.73	18.84	23.09	19.57	25.97	20.16
7	Central of Georgia.....	13.36	15.84	19.47	19.21	17.49	17.10
8	C. N. O. & T. P.....	14.02	17.95	23.57	17.62	18.10	18.22
9	G. M. & O.....	13.40	16.66	15.91	16.50	16.67	15.93
10	I. C. (Incl. Y. & M. V.).....	14.07	15.55	17.81	18.91	18.45	16.95
11	L. & N.....	14.19	16.84	20.82	20.59	19.83	18.52
12	N. C. & St. L.....	12.91	14.98	22.36	19.60	17.37	17.47
13	St. L. & S. F.....	16.68	18.59	20.66	22.18	21.17	19.93
14	Southern.....	14.48	17.37	21.33	18.48	17.25	17.98
15	T. A. & G.....	5.32	5.71	5.58	6.75	7.99	6.06
16	Tenn. Central.....	12.99	13.89	28.40	15.51	17.13	18.39
17	Total.....	14.46	16.85	20.31	19.52	18.66	18.03
18	Total excluding T. A. & G.....	14.47	16.85	20.32	19.53	18.67	18.04

*Does not include Gulf, Mobile & Northern—not listed in Blue Book.

SOURCE: I. C. C. Statistics of Railway in the U. S.

**REVENUE PASSENGER MILES PER CAR MILE
RAILROADS OPERATING IN STATE OF TENNESSEE
(PETITIONERS IN THIS PROCEEDING)**

Roads	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	Average
5 A. G. S.	15.72	15.03	16.55	15.52	14.22	12.28	10.96	10.31	11.41	8.84	13.12
6 Clinchfield	19.52	16.48	17.20	13.92	11.89	10.75	9.34	6.87	6.14	4.10	11.71
7 Central of Georgia	13.11	12.05	12.36	11.07	11.09	10.68	9.14	8.67	7.68	6.40	10.24
8 C. N. O. & T. P.	12.88	13.78	15.53	13.61	12.31	10.91	10.04	9.72	9.11	6.91	11.31
9 G. M. & O.	12.19	12.09	12.43	10.98	10.45	9.70	8.72	7.68	7.74	5.98	9.80
10 I. C. (Incl. Y. & M. V.)	14.74	14.41	14.70	13.38	13.05	12.67	13.12	12.51	12.55	11.50	13.23
11 L. & N.	15.69	14.28	15.41	14.07	12.76	11.86	11.30	10.33	9.34	7.48	11.17
12 N. C. & St. L.	14.29	13.25	13.37	12.56	12.16	11.38	10.98	9.94	8.69	7.72	11.48
13 St. L. & S. F.	16.78	16.25	16.56	14.02	12.91	12.28	11.38	10.06	9.59	8.56	12.92
14 Southern	14.41	14.61	14.96	13.57	12.98	12.36	11.60	10.94	10.24	8.20	12.38
15 T. A. & G.	4.26	5.21	7.18	7.56	8.11	6.76	5.38	4.33	4.22	3.06	5.65
16 Tenn. Central	14.29	13.55	15.14	13.57	12.75	11.49	10.73	9.46	8.28	6.18	12.07
17 Total	14.89	14.43	14.95	13.45	12.72	12.06	11.61	10.85	10.32	8.75	12.38
18 Total excl. T. A. & G.	14.90	14.43	14.96	13.45	12.72	12.06	11.61	10.86	10.32	8.75	12.38

SOURCE: I. C. C. Statistics of Railways in the United States.

**REVENUE PASSENGER MILES PER CAR MILE
RAILROADS OPERATING IN STATE OF TENNESSEE
(PETITIONERS IN THIS PROCEEDING)**

Roads	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	Average
5 A. G. S.	7.05	6.88	7.71	9.42	10.07	10.24	11.24	8.47	9.43	11.04	9.21
6 Clinchfield	3.79	2.09	2.57	7.53	7.77	8.84	8.58	5.47	6.47	7.25	5.97
7 Cent. of Ga.	5.15	3.77	6.48	8.08	8.41	10.50	10.06	7.80	9.00	9.66	7.80
8 C. N. O. & T. P.	5.81	5.31	8.10	8.50	8.85	10.51	11.23	8.89	10.19	11.05	8.85
9 G. M. & O.	5.31	6.11	7.60	7.30	7.86	11.63	11.77	8.90	8.67	8.34	8.10
10 I. C. (Incl. Y. & M. V.)	10.74	10.38	12.31	12.66	11.35	12.08	13.27	12.09	12.32	12.89	12.00
11 L. & N.	6.15	5.92	6.70	8.34	9.12	10.07	10.39	8.09	9.18	9.65	8.34
12 N. C. & St. L.	6.35	5.87	6.61	7.98	8.58	9.79	10.07	7.88	8.91	9.78	8.15
13 St. L. & S. F.	6.95	6.39	5.72	6.95	7.59	8.45	8.55	7.40	7.42	7.85	7.35
14 Southern	6.69	6.22	7.10	8.10	9.39	11.18	11.07	8.91	10.34	11.10	9.04
15 T. A. & G.	4.69	3.00	3.82	11.18	12.39	15.69	13.39	9.17	10.76	11.50	9.53
16 Tenn. Central	5.14	5.86	5.43	7.24	7.10	6.77	7.03	5.91	5.87	6.17	6.25
17 Total	7.48	7.04	8.17	9.40	9.51	10.78	11.15	9.31	10.09	10.71	9.35
18 Total excluding T. A. & G.	7.48	7.04	8.17	9.40	9.51	10.78	11.15	9.31	10.09	10.71	9.35

SOURCE: I. C. C. Statistics of Railways in the United States.

**REVENUE PASSENGER MILES PER CAR MILE
RAILROADS OPERATING IN STATE OF TENNESSEE
(PETITIONERS IN THIS PROCEEDING)**

				Jan.-Aug.
4	Roads	1941	1942	1943
5	Alabama Great Southern.....	16.82	27.26	34.34
6	Clinchfield.....	86.16	12.37	18.22*
7	Central of Georgia.....	13.65	20.78	27.00
8	C. N. O. & T. P.....	15.74	27.56	29.83
9	G. M. & O.....	10.07	15.35	21.07
10	I. C. (Incl. Y. & M. V.).....	14.72	20.39	29.95
11	L. & N.....	12.30	21.11	33.83
12	N. C. & St. L.....	13.43	25.16	34.86
13	St. L.-S. F.....	10.68	20.26	26.45
14	Southern.....	14.25	25.25	31.89
15	T. A. & G.....	12.30	17.97	*
16	Tennessee Central.....	6.27	15.14	24.04
17	Total.....	13.52	22.31	30.84
18	Total excl. T. A. & G.....	13.52	22.31	30.84

*Not available.

SOURCE: Form OS-D rendered to Interstate Commerce Commission.

**PASSENGER MILES PER COACH MILE
RAILROADS OPERATING IN STATE OF TENNESSEE
(PETITIONERS IN THIS PROCEEDING)**

	Roads	1937	1938	1939	1940	1941	1942	Average
5	A. G. S.....	18.26	13.17	16.15	17.46	24.12	38.15	23.39
6	Clinchfield.....	8.62	5.44	6.47	7.25	8.16	12.29	8.07
7	Central of Georgia.....	15.22	10.49	13.28	14.40	17.41	24.87	16.82
8	C. N. O. & T. P.....	16.93	11.03	14.99	17.67	19.33	31.65	20.22
9	G. M. & O.....	15.35	12.01	12.35	12.15	13.14	17.49	13.83
10	I. C. (Incl. Y. & M. V.).....	14.33	12.06	12.59	13.69	16.25	22.21	15.42
11	L. & N.....	13.41	9.56	11.79	12.64	16.39	27.71	16.13
12	N. C. & St. L.....	15.27	10.22	12.66	14.60	19.99	32.59	19.19
13	St. L.-S. F.....	11.95	9.88	10.08	11.28	14.95	27.19	14.85
14	Southern.....	14.08	10.59	14.23	16.23	21.07	36.19	20.38
15	Tenn. Central.....	7.27	5.83	6.01	6.42	8.31	20.14	9.38
16	Total.....	14.01	10.80	12.59	13.89	17.60	28.51	17.04

SOURCE: Form APT rendered to I. C. C.

PASSENGER MILES PER SLEEPING AND PARLOR CAR MILE
RAILROADS OPERATING IN STATE OF TENNESSEE
(PETITIONERS IN THIS PROCEEDING)

Roads	1937	1938	1939	1940	1941	1942	Average
Alabama Great Southern.....	9.47	8.10	7.88	9.65	16.65	27.78	14.94
Clinchfield.....	1.33	35.88	-----	10.91	22.32	25.00	20.49
Central of Georgia.....	6.40	6.70	6.25	6.43	9.35	16.94	9.27
C. N. O. & T. P.	10.43	10.26	10.00	10.09	13.39	24.30	13.24
Gulf, Mobile & Ohio.....	3.22	2.68	2.81	2.05	4.22	9.86	4.65
I. C. (Incl. Y. & M. V.).....	8.83	8.39	7.98	8.08	9.81	16.41	10.27
L. & N.	8.55	7.98	7.80	8.03	9.87	17.82	10.68
N. C. & St. L.	6.98	7.22	7.05	7.24	8.72	19.63	10.07
St. Louis-San Francisco.....	8.12	7.78	7.59	7.53	10.51	19.15	11.00
Southern.....	11.92	11.16	11.02	11.09	13.49	21.93	13.96
Tenn. Central.....	6.32	6.12	5.48	5.59	3.63	8.62	6.20
Total.....	9.32	8.82	8.61	8.75	11.07	19.12	11.53

SOURCE: APT Reports rendered to I. C. C.

SOUTHERN RAILWAY SYSTEM

Examples of possible reductions of INTERSTATE fares for tickets good for transportation in coaches only by purchasing to the point nearest the State Line at which trains are regularly scheduled to stop and rebuying therefrom to INTERSTATE destinations.

Item

1. Chattanooga, Tenn. to Cincinnati, Ohio.....	(2.2¢)		\$7.55
Chattanooga, Tenn. to Oneida, Tenn.....	(1.65¢)	\$2.15	
Oneida, Tenn. to Cincinnati, Ohio.....	(2.2¢)	4.77	6.92
Saving.....			0.63
2. Chattanooga, Tenn. to Washington, D. C.....	(2.2¢)		13.68
Chattanooga, Tenn. to Bristol, Tenn.....	(1.65¢)	4.00	
Bristol, Tenn. to Washington, D. C.....	(2.2¢)	8.32	12.32
Saving.....			1.36
3. Chattanooga, Tenn. to Lynchburg, Va.....	(2.2¢)		10.96
Chattanooga, Tenn. to Bristol, Tenn.....	(1.65¢)	4.00	
Bristol, Tenn. to Lynchburg, Va.....	(2.2¢)	4.51	8.51
Saving.....			2.45
4. Knoxville, Tenn. to Memphis, Tenn.....	(2.2¢)		9.39
Knoxville, Tenn. to Chattanooga, Tenn.....	(1.65¢)	1.83	
Chattanooga, Tenn. to Pocahontas, Tenn.....	(2.2¢)	5.32	
Pocahontas, Tenn. to Memphis, Tenn.....	(1.65¢)	1.25	8.42
Saving.....			0.97
5. Knoxville, Tenn. to Washington, D. C.....	(2.2¢)		11.22
Knoxville, Tenn. to Bristol, Tenn.....	(1.65¢)	2.20	
Bristol, Tenn. to Washington, D. C.....	(2.2¢)	8.32	10.52
Saving.....			0.70
6. Knoxville, Tenn. to Richmond, Va.....	(2.2¢)		10.52
Knoxville, Tenn. to Bristol, Tenn.....	(1.65¢)	2.20	
Bristol, Tenn. to Richmond, Va.....	(2.2¢)	7.63	9.83
Saving.....			0.69

SOUTHERN RAILWAY SYSTEM

Examples of possible reductions of INTERSTATE fares for tickets good for transportation in coaches only by purchasing to the point nearest the State Line at which trains are regularly scheduled to stop and rebuying therefrom to INTERSTATE destinations.

Item

7. Johnson City, Tenn. to Birmingham, Ala.....	(2.2¢)		7.99
Johnson City, Tenn. to Chattanooga, Tenn.....	(1.65¢)	3.65	
Chattanooga, Tenn. to Birmingham, Ala.....	(2.2¢)	3.19	6.84
Saving.....			1.15

Page 2 of 2 sheets

8. Johnson City, Tenn. to New Orleans, La.....	(2.2¢)		\$15.84
Johnson City, Tenn. to Chattanooga, Tenn.....	(1.65¢)	\$3.65	
Chattanooga, Tenn. to New Orleans, La.....	(2.2¢)	11.04	14.69
Saving.....			1.15

9. Johnson City, Tenn. to Memphis, Tenn.....	(2.2¢)		11.73
Johnson City, Tenn. to Chattanooga, Tenn.....	(1.65¢)	3.65	
Chattanooga, Tenn. to Pocahontas, Tenn.....	(2.2¢)	5.32	
Pocahontas, Tenn. to Memphis, Tenn.....	(1.65¢)	1.25	10.22
Saving.....			1.51

10. Memphis, Tenn. to Chattanooga, Tenn.....	(2.2¢)		6.93
Memphis, Tenn. to Pocahontas, Tenn.....	(1.65¢)	1.25	
Pocahontas, Tenn. to Chattanooga, Tenn.....	(2.2¢)	5.32	6.57
Saving.....			0.36

11. Athens, Tenn. to Washington, D. C.....	(2.2¢)		12.43
Athens, Tenn. to Bristol, Tenn.....	(1.65¢)	3.15	
Bristol, Tenn. to Washington, D. C.....	(2.2¢)	8.32	11.47
Saving.....			0.96

12. Athens, Tenn. to Lynchburg, Va.....	(2.2¢)		8.62
Athens, Tenn. to Bristol, Tenn.....	(1.65¢)	3.15	
Bristol, Tenn. to Lynchburg, Va.....	(2.2¢)	4.51	7.66
Saving.....			0.96

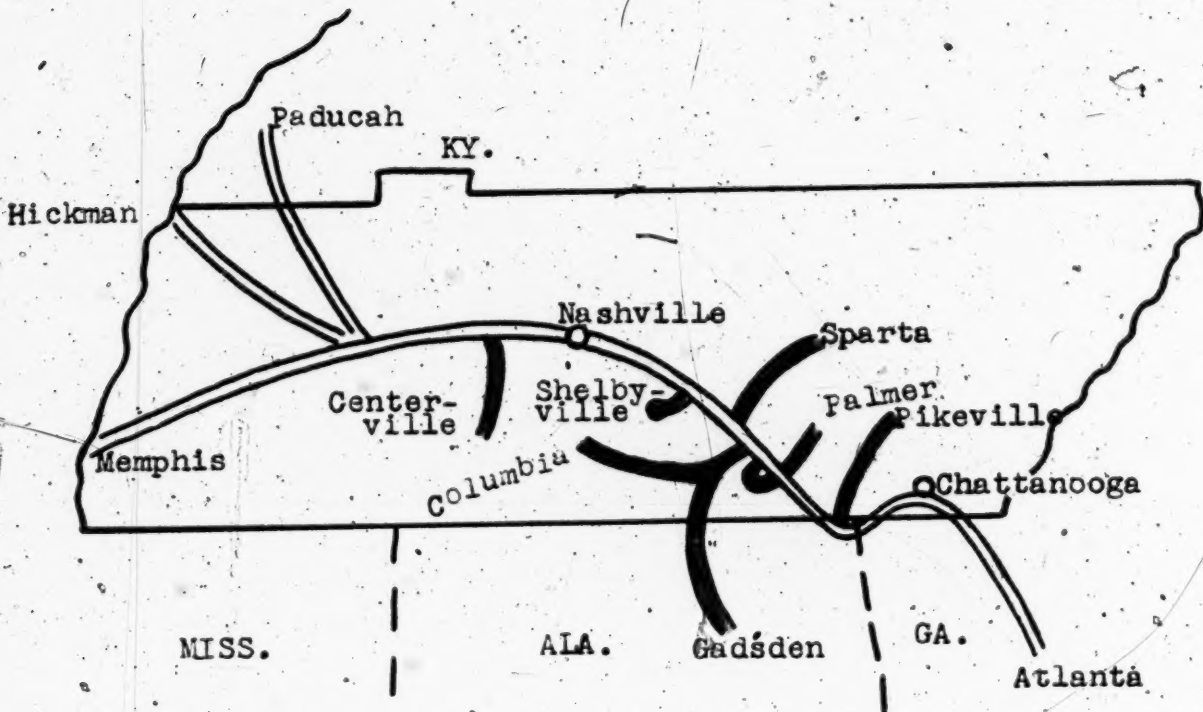
SOUTHERN RAILWAY SYSTEM

Examples showing the fares paid for transportation good in coaches only by INTERSTATE passengers, also paid by INTRASTATE passengers traveling equal distance between points in Tennessee.

Item		Distance Miles	One- Way Coach Fare	Difference in Cost in Favor Intrastate Passenger
1.	Chattanooga, Tenn. to Macon, Ga.....(2.2¢)	240	\$4.95	
	Chattanooga, Tenn. to Bristol, Tenn.....(1.65¢)	242	4.00	\$0.95
2.	Chattanooga, Tenn. to Corinth, Miss.....(2.2¢)	220	4.88	
	Chattanooga, Tenn. to Johnson City, Tenn....(1.65¢)	217	3.65	1.23
3.	Chattanooga, Tenn. to Nicholasville, Ky.....(2.2¢)	245	5.39	
	Chattanooga, Tenn. to Bristol, Tenn.....(1.65¢)	242	4.00	1.39
4.	Knoxville, Tenn. to Hickory, N. C.....(2.2¢)	243	4.77	
	Knoxville, Tenn. to Nashville, Tenn.....(1.65¢)	217	3.65	1.12
5.	Morristown, Tenn. to Spartanburg, S. C.....(2.2¢)	157	3.48	
	Morristown, Tenn. to Chattanooga, Tenn.....(1.65¢)	153	2.65	0.83
6.	Morristown, Tenn. to Columbia, S. C.....(2.2¢)	252	5.57	
	Morristown, Tenn. to Nashville, Tenn.....(1.65¢)	260	4.35	1.22
7.	Johnson City, Tenn. to Winston-Salem, N. C....(2.2¢)	322	6.56	
	Johnson City, Tenn. to Nashville, Tenn.....(1.65¢)	323	5.45	1.11
8.	Ooltewah, Tenn. to Atlanta, Ga.....(2.2¢)	137	2.75	
	Ooltewah, Tenn. to Oneida, Tenn.....(1.65¢)	144	2.40	0.35
9.	Athens, Tenn. to Decatur, Ala.....(2.2¢)	178	3.96	
	Athens, Tenn. to Bluff City, Tenn.....(1.65¢)	175	2.95	1.01
10.	Harriman, Tenn. to Asheville, N. C.....(2.2¢)	180	4.03	
	Harriman, Tenn. to Bristol, Tenn.....(1.65¢)	182	3.10	0.93
11.	Oakdale, Tenn. to Asheville, N. C.....(2.2¢)	184	4.14	
	Oakdale, Tenn. to Bristol, Tenn.....(1.65¢)	186	3.20	0.94
12.	Johnson City, Tenn. to Roanoke, Va.....(2.2¢)	157	3.89	
	Johnson City, Tenn. to Athens, Tenn.....(1.65¢)	161	2.70	1.19

MAP OF N. C. & ST. L. RAILWAY

Showing Branches in RED where passengers are
handled in Freight Trains.



AUTHORITY: N. C. & St. L. Ry. Official Time Table.

COMPARISON

Main Track Mileage The N. C. & St. L. Ry., Showing percent of mileage
 in Tennessee where passenger service consists of a coach hooked on to
 the rear of a freight train in lieu of a caboose

Division or Branch	Miles Served	
	By Passenger Train	By Freight Train
Nashville.....	160.99	-----
Centerville.....	-----	50.40
Chattanooga.....	124.87	-----
Shelbyville.....	-----	8.44
Tracy City.....	-----	39.08
Pikeville.....	-----	54.78
McMinnville.....	-----	60.94
Columbia.....	-----	85.94
Huntsville.....	-----	2.58
Atlanta.....	15.43	-----
P. & M.....	180.63	-----
Total.....	481.92	302.16
Percent.....	61.46	38.54

AUTHORITY: 1942 Annual Report of President to Stockholders.

BEFORE
THE INTERSTATE COMMERCE COMMISSION

Docket No. 29037

WITNESS—J. O. HENDLEY

Nashville, Tenn.

Dec. 2, 1943.

COMPARISON OF PASSENGER REVENUES

Calendar Years 1941-1942-9 months of 1943

	1941	1942	Percent 1942 over 1941	9 months 1943	Percent 9 months of 1943 over full year	
					1941	1942
C. N. O. & T. P. Ry.	\$ 1,859,009	\$ 4,206,668	126.29	\$ 4,821,470	159.35	14.6
Southern Ry.	14,232,779	36,265,338	154.8	42,803,925	200.74	18.03
L. & N. R. R.	8,976,429	23,288,244	159.44	34,038,264	279.20	46.16
Ill. Cent. R. R.	11,491,056	19,941,145	73.54	24,832,628	116.10	24.53
G. M. & O. R. R.	619,770	1,361,108	119.62	2,066,773	233.47	51.84
Tenn. Cent. Ry.	55,939	187,386	234.98	459,756	721.89	145.35
Clinchfield R. R.	58,032	87,422	50.64	129,393	122.97	48.01
N. C. & St. L. Ry.	1,706,194	4,654,317	172.79	6,447,849	277.91	38.53
	\$ 38,999,208	\$ 89,991,628	130.75	\$115,600,058	196.42	28.46

AUTHORITY: Monthly Report of Revenues and Expenses filed with I. C. C.

COMPARISON OF PASSENGER REVENUES

for 9 Months

Showing percentage increase 1943 over 1941-42

Road	9 Months 1941	9 Months 1942	9 Months 1943	% 1943 over 1941 1942	
				1941	1942
C. N. O. & T. P. Ry.	\$ 1,366,541	\$ 2,634,305	\$ 4,821,470	252.80	83.03
Southern Ry.	10,095,242	23,935,474	42,803,925	324.00	78.83
L. & N. R. R.	6,371,288	15,554,292	34,038,264	434.24	118.84
Ill. Cent. R. R.	8,321,232	13,613,803	24,832,628	198.42	82.41
G. M. & O. R. R.	441,507	859,796	2,066,773	368.12	140.38
Tenn. Cent.	39,752	103,174	459,756	1056.56	345.61
Clinchfield R. R.	45,560	56,891	129,393	184.01	127.44
N. C. & St. L. Ry.	1,225,467	2,848,842	6,447,849	426.15	126.33
	\$ 27,906,589	\$ 59,606,377	\$115,600,058	314.24	93.94

AUTHORITY: Monthly Report of Revenues and Expenses filed with I. C. C.

COMPARISON

**Number of passengers in cars
and
Number of cars in trains**

Road	Average number of passenger cars in each passenger train			Average number of passengers in each passenger car		
	1941	1942	% 1942 over 1941	1941	1942	% 1942 over 1941
C. N. O. & T. P. Ry.....	5.15	5.29	2.72	13.65	27.56	101.90
Southern Ry.....	4.30	5.16	20.00	16.10	27.58	71.30
L. & N. R. R.....	7.61	8.46	11.17	13.04	22.26	70.71
Ill. Cent. System.....	7.43	8.02	7.94	14.65	20.57	40.41
Tenn. Cent. Ry.....	1.99	2.70	35.68	6.30	15.14	140.32
†N. C. & St. L. Ry.....	7.74	8.48	9.56	11.95	22.31	86.69
G. M. & O.....	Not available					
Clinchfield.....						

#Average passenger per car mile.

Average cars per passenger train mile.

†Number of revenue cars per passenger train mile.

Number of revenue passengers per passenger carrying car-mile.

AUTHORITY: 1942 Annual report to the stockholders.

COMPARISON OF PER CAR EARNINGS

Road	Year	Average Number of Passengers per passenger carrying car	Average Revenue per passenger per mile in cents	Average Revenue per passenger car mile in cents	Percent of increase 1942 over 1941
C. N. O. & T. P. Ry.....	1941	13.65	1.80	24.57	
C. N. O. & T. P. Ry.....	#1942	27.56	1.65	45.47	85.06
Southern Ry.....	1941	16.10	1.807	29.09	
Southern Ry.....	#1942	27.58	1.65	45.51	56.45
L. & N. R. R.....	1941	13.04	1.707	22.26	
L. & N. R. R.....	#1942	22.26	1.65	36.73	65.00
Ill. Central R. R.....	1941	14.65	1.604	23.50	
Ill. Central R. R.....	#1942	20.57	1.65	33.94	44.43
Tenn. Central Ry.....	1941	6.30	1.831	11.54	
Tenn. Central Ry.....	#1942	15.14	1.65	24.98	116.46
N. C. & St. L. Ry.....	1941	11.95	1.75	20.91	
N. C. & St. L. Ry.....	#1942	22.31	1.65	36.81	76.04

#For year 1942 I have used the actual average number of passengers per passenger carrying car and applied the present maximum intrastate coach passenger fare applicable in Tennessee or 1.65¢ per mile.

†Includes all passengers in sleeping, parlor, and observation cars, and coaches.

AUTHORITY: President's Annual Report to Stockholders.

COMPARISON OF PER PASSENGER CAR EARNINGS

#Southern Region for Eight Months

Year	Average number of passengers per passenger carrying car	Average Revenue per passenger for mile in cents	Average Revenue per passenger car mile	Percent of Increase
1942	22.9	2.01¢	46.03¢	
1943	33.1	x1.65	54.62	18.66

#Per Car earnings for individual lines not available to public.

†Commutation fares excluded.

xPresent Intrastate fare in Tennessee.

AUTHORITY: I. C. C. Statement M-220 (S-D).

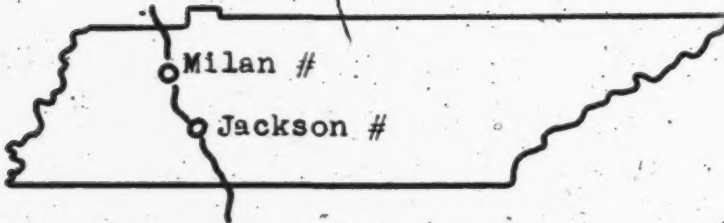
PASSENGER STATISTICS OF CLASS I STEAM RAILROADS

Region		Revenue Passenger-Mile per Car-Mile		Percent of Increase
		1942	1943	
United States.....	8 months	21.7	31.1	43.3
Southern.....	8 months	22.9	33.1	44.5
United States.....	August	26.4	34.4	30.3
Southern.....	August	28.4	36.2	27.5

AUTHORITY: I. C. C. Statement No. M-220 (OS-D).

Region		Number of Revenue Passengers carried in coaches		Percent of Increase
		1942	1943	
United States.....	7 months	165,861,393	288,851,520	74.2
Southern.....	7 months	15,764,870	31,759,589	101.5
United States.....	July	32,636,798	53,533,834	64.0
Southern.....	July	3,165,587	5,378,819	69.9

AUTHORITY: I. C. C. Statement No. M-250.



ROUTE OF THE "CITY OF MIAMI" THROUGH TENNESSEE

(Illinois Central)

It operates through Tennessee over the Illinois Central Railroad.

#Stops only on signal at Milan and Jackson to receive or discharge Interstate passengers. Does not stop for Intrastate passengers in Tennessee.

EQUIPMENT: Diesel Powered Coach Streamliner:

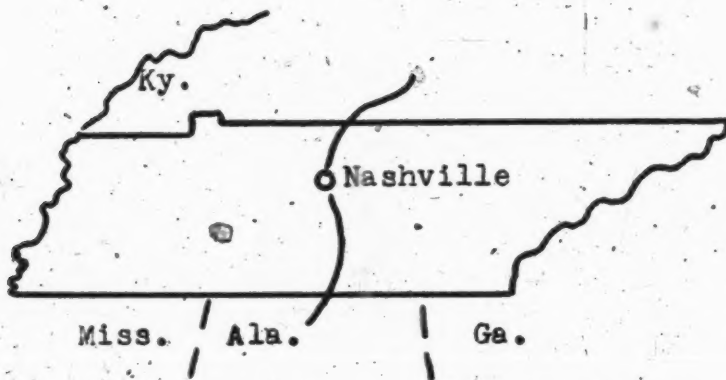
De Luxe reclining reserved seat coaches. Completely air-conditioned—radio—stewardess—registered nurse—exclusive coach for women and children—Tavern Lounge Observation Car—Dining Car Service—inexpensive meals, breakfast 65¢, luncheon, 75¢, dinner 90¢, also a la carte Service.

No extra charge.

Speed per hour 51 miles.

Handles intrastate passengers in Georgia and Florida. Does not handle intrastate passengers in Tennessee.

AUTHORITY: Official Guide of Railways.



ROUTE OF THE "SOUTH WIND" THROUGH MIDDLE TENNESSEE

(L. & N.)

The "South Wind" operates over the Louisville and Nashville Railroad between Louisville, Ky., and Montgomery, Alabama.

Streamlined, all coach train, between Chicago and Miami.

Equipment: Coaches, individual reclining chairs. All seats must be numbered and must be reserved in advance. No extra charge. All coaches including Dining Car and Broiler Buffet car service are Pennsylvania R. R. equipment and service. Low priced meals.

All air-conditioned cars.

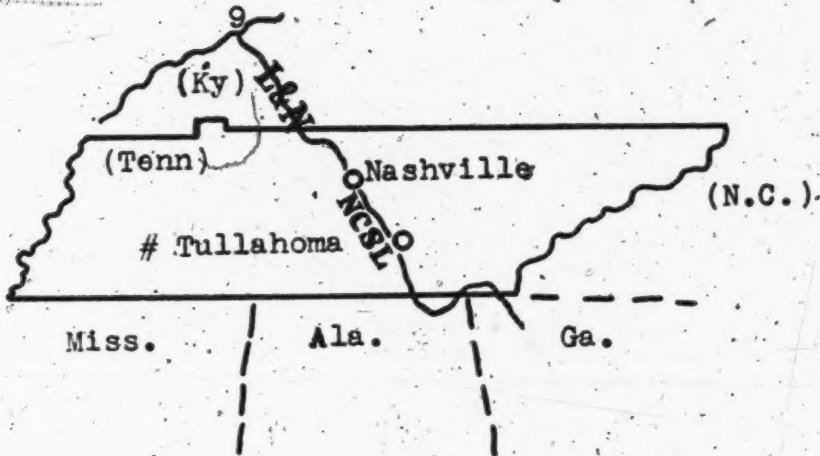
Speed: 51.22 miles per hour.

It handles intrastate passengers in Alabama, Florida, and Georgia.

It does not handle intrastate passengers in Tennessee.

AUTHORITY: Official Guide of Railways.

Evansville, Ind.



ROUTE OF THE DIXIE FLAGLER THROUGH TENNESSEE

(L. & N.)

(N. C. & ST. L.)

Stops for revenue passengers to or from Evansville, Ind., Louisville and beyond; also for revenue passengers to or from Atlanta and beyond.

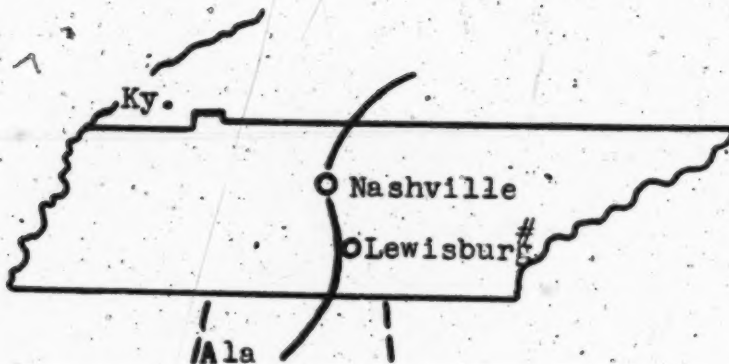
This train is a coach streamliner, air-conditioned, individual reclining seats, Tavern Car and Dining Car. All seats numbered and must be reserved in advance.

Regular coach fares apply, no extra charge.

This train operates between Chicago and Miami.

It handles intrastate passengers in Illinois, Indiana, Georgia and Florida. It handles no intrastate passengers in Tennessee.

AUTHORITY: Official Guide of Railways.



ROUTE OF THE PAN AMERICAN THROUGH MIDDLE TENNESSEE

#Stops for pay passengers to or from Birmingham or Bowling Green and beyond.

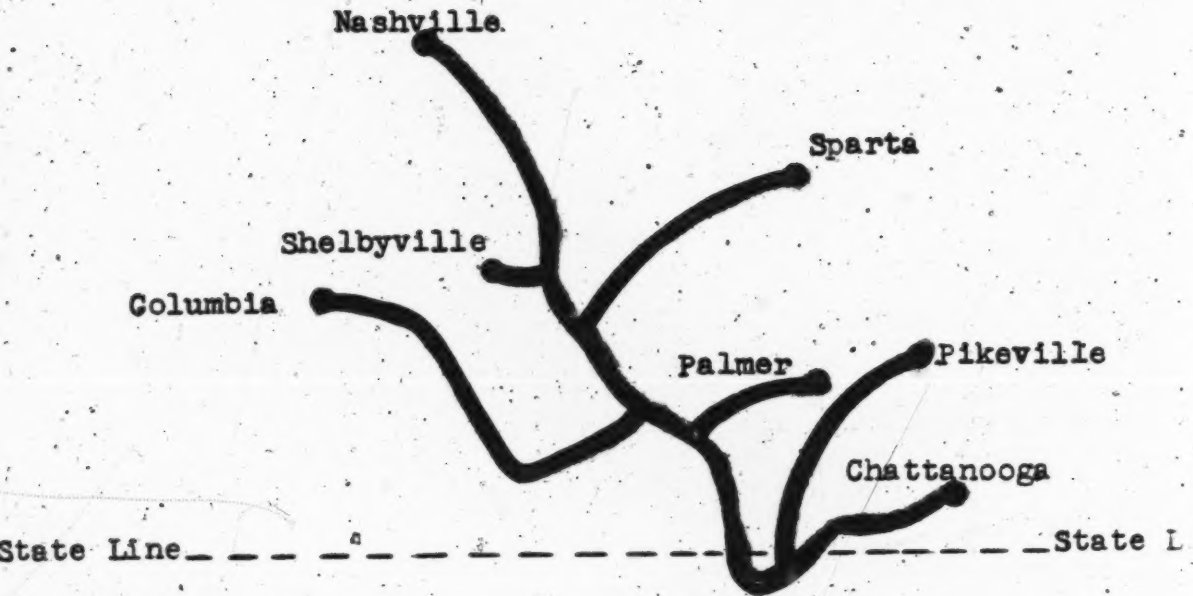
The Pan American operates over the L. & N. R. R. between Cincinnati and New Orleans.

Equipment: Pullman with sections, Drawing Rooms and double bed rooms. Dining car, air-conditioned coaches with individual reclining chairs at no extra cost.

The Pan American carries intrastate passengers in Kentucky, Alabama and Mississippi. It does not carry intrastate passengers in Tennessee.

It will stop at Lewisburg to let off interstate passengers, but will not stop at Lewisburg to let off intrastate passengers.

AUTHORITY: Official Guide of Railways.



BLUE LINE: Route of Dixie Flagler. Strictly interstate in Tennessee. No intrastate passengers.

No. Miles—151..

Average speed per hour—44.6 miles.

No. of stations in Tennessee where no stop is made—17.

RED LINE: Represents Branch Lines on 1 Division where mixed trains are provided.

	No. Miles	No. Stations	Average Miles Per Hour (if on time)
Sparta Branch.....	60.5	12	15.0
Palmer Branch.....	37.6	11	14.0
Pikeville Branch.....	56.8	15	19.0
Shelbyville Branch.....	8.2	1	20.0
Columbia Branch.....	86.3	21	11.4
Total.....	249.4	60	

AUTHORITY: Official Guide.

Centerville.....	52.1	26	14.2
------------------	------	----	------

STATEMENT SHOWING

Mileage of

THE NASHVILLE, CHATTANOOGA & ST. LOUIS RY.

**Over which a mixed Freight and Passenger Train
only is operated**

Branch	No. of Miles
Columbia.....	86.3
Huntsville.....	27.0
Guntersville.....	35.3
Pikeville.....	56.8
Palmer.....	37.6
Sparta.....	60.5
Shelbyville.....	8.2
Centerville.....	52.1
Total.....	363.8

Percent of total mileage—33.38%

AUTHORITY: Official Time Table

NOVEMBER 15, 1943

N.C.&STL.

TO AND FROM
Dixieland

**The
NASHVILLE
CHATTANOOGA
AND ST. LOUIS
RAILWAY**

**Time
Tables**

NOVEMBER 15, 1943

N.C.&STL.

TO AND FROM
Dixieland

**The
NASHVILLE
CHATTANOOGA
AND ST. LOUIS
RAILWAY**

**Time
Tables**

THE NASHVILLE CHATTANOOGA & ST. LOUIS RAILWAY

FLORIDA SERVICE

THE DIXIE FLAGLER

(COACH STREAMLINER)

DIXIE FLYER

DIXIE LIMITED

BETWEEN

CHICAGO—ST. LOUIS and FLORIDA

The Scenic-Historic DIXIE ROUTE

DINING CAR SERVICE FAMED FOR SOUTHERN COOKING

TABLE 18

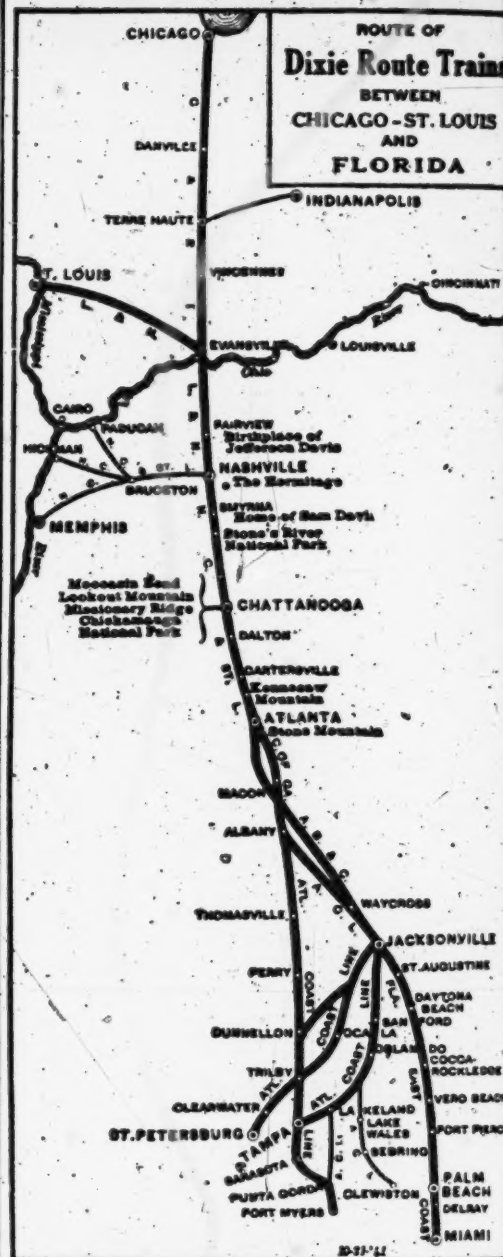
The Dixie Flyer Every 3rd day	Dixie Limited Daily	Dixie Flyer Daily		Dixie Flyer Daily	Dixie Limited Daily	The Dixie Flyer Every 3rd day
8 00AM	2 00PM	10 00PM	Chicago (Dearborn Sta.) (C.T.)	7 00AM	2 40PM	10 00PM
10 05AM	4 25PM	12 43PM	Chicago (Dearborn Sta.) (C.A.E.I.)	4 11AM	11 47PM	10 05PM
11 05AM	5 25PM	2 04AM	Terre Haute	2 40AM	10 27AM	11 05PM
1 15PM	6 15PM	4 50AM	Evansville (L.&N. Sta.)	11 59PM	8 05AM	1 15PM
8 15AM	2 15PM	10 00PM	St. Louis (Union Sta.) (L.&N.)	8 10AM	1 29PM	8 15PM
1 25PM	8 00PM	5 10AM	Evansville (L.&N. Sta.)	11 49PM	7 40AM	1 25PM
4 25PM	1 00AM	9 40AM	Nashville	6 55PM	3 10AM	4 25PM
1 00PM	10 00AM	10 00AM	Nashville (N.C.&St.L.)	6 55PM	2 45AM	1 00PM
1 35PM	2 55AM	10 50AM	Murfreesboro	6 55PM	12 47AM	1 35PM
1 55PM	6 15AM	11 45AM	Tallahassee	6 55PM	12 47AM	1 55PM
2 15PM	6 25AM	11 45AM	Chattanooga	6 55PM	10 55AM	2 15PM
2 35PM	6 45AM	11 45AM	Chattanooga (C.T.)	6 55PM	8 40AM	2 35PM
2 55PM	7 00AM	11 45AM	Atlanta (Union Sta.) (E.T.)	6 55PM	8 40AM	2 55PM
3 15PM	7 15AM	11 45AM	Atlanta (Union Sta.) (A.B.&C.)	6 55PM	8 40AM	3 15PM
3 35PM	7 30AM	11 45AM	Waycross	6 55PM	8 40AM	3 35PM
3 55PM	7 45AM	11 45AM	Waycross (A.C.L.)	6 55PM	8 40AM	3 55PM
4 15PM	8 00AM	11 45AM	Jacksonville (E.T.)	6 55PM	8 40AM	4 15PM
4 35PM	8 15AM	11 45AM	Atlanta (Terminal Sta.) (C.of Ga.)	6 55PM	8 40AM	4 35PM
4 55PM	8 30AM	11 45AM	Macon	6 55PM	8 40AM	4 55PM
5 15PM	8 45AM	11 45AM	Albany	6 55PM	8 40AM	5 15PM
5 35PM	9 00AM	11 45AM	Albany (A.C.L.)	6 55PM	8 40AM	5 35PM
5 55PM	9 15AM	11 45AM	Tifton	6 55PM	8 40AM	5 55PM
6 15PM	9 30AM	11 45AM	Waycross	6 55PM	8 40AM	6 15PM
6 35PM	9 45AM	11 45AM	Jacksonville (E.T.)	6 55PM	8 40AM	6 35PM
6 55PM	10 00AM	11 45AM	Jacksonville (E.T.) (F.E.C.)	6 55PM	8 40AM	6 55PM
7 15PM	10 15AM	11 45AM	St. Augustine	6 55PM	8 40AM	7 15PM
7 35PM	10 30AM	11 45AM	Daytona Beach	6 55PM	8 40AM	7 35PM
7 55PM	10 45AM	11 45AM	Fort Pierce	6 55PM	8 40AM	7 55PM
8 15PM	11 00AM	11 45AM	West Palm Beach	6 55PM	8 40AM	8 15PM
8 35PM	11 15AM	11 45AM	Delray Beach	6 55PM	8 40AM	8 35PM
8 55PM	11 30AM	11 45AM	Fort Lauderdale	6 55PM	8 40AM	8 55PM
9 15PM	11 45AM	11 45AM	Hollywood	6 55PM	8 40AM	9 15PM
9 35PM	12 00AM	11 45AM	Miami (E.T.)	6 55PM	8 40AM	9 35PM
9 55PM	12 15AM	11 45AM	Jacksonville (E.T.) (A.C.L.)	6 55PM	8 40AM	9 55PM
10 15PM	12 30AM	11 45AM	Ocala	6 55PM	8 40AM	10 15PM
10 35PM	12 45AM	11 45AM	Clearwater	6 55PM	8 40AM	10 35PM
10 55PM	1 00AM	11 45AM	St. Petersburg (E.T.)	6 55PM	8 40AM	10 55PM
11 15PM	1 15AM	11 45AM	Jacksonville (E.T.) (A.C.L.)	6 55PM	8 40AM	11 15PM
11 35PM	1 30AM	11 45AM	Sanford	6 55PM	8 40AM	11 35PM
11 55PM	1 45AM	11 45AM	Winter Park	6 55PM	8 40AM	11 55PM
12 15PM	2 00AM	11 45AM	Orlando	6 55PM	8 40AM	12 15PM
12 35PM	2 15AM	11 45AM	Haines City	6 55PM	8 40AM	12 35PM
12 55PM	2 30AM	11 45AM	Lake Wales	6 55PM	8 40AM	12 55PM
1 15PM	2 45AM	11 45AM	Sebring	6 55PM	8 40AM	1 15PM
1 35PM	3 00AM	11 45AM	Winter Haven	6 55PM	8 40AM	1 35PM
1 55PM	3 15AM	11 45AM	Punta Gorda	6 55PM	8 40AM	1 55PM
2 15PM	3 30AM	11 45AM	Port Myers	6 55PM	8 40AM	2 15PM
2 35PM	3 45AM	11 45AM	Lakeland (E.T.)	6 55PM	8 40AM	2 35PM
2 55PM	4 00AM	11 45AM	Tampa	6 55PM	8 40AM	2 55PM
3 15PM	4 15AM	11 45AM	Bradenton	6 55PM	8 40AM	3 15PM
3 35PM	4 30AM	11 45AM	Sarasota	6 55PM	8 40AM	3 35PM
3 55PM	4 45AM	11 45AM	Sarasota (via Orlando) (E.T.)	6 55PM	8 40AM	3 55PM

VIA PERRY CUT-OFF AND ATLANTA

8 00PM	12 43PM	Chicago (Term. St.) (E.T.) (C.of Ga.)	9 00AM
10 05PM	2 04AM	Albany	3 00AM
11 05PM	4 50AM	Albany (A.C.L.)	2 45AM
1 15PM	10 00AM	Thomasville	12 50AM
1 35PM	10 50AM	Trilby	7 20PM
1 55PM	11 45AM	Clearwater	6 30PM
2 15PM	12 00AM	St. Petersburg (E.T.)	6 00PM
2 35PM	12 15AM	Tampa (E.T.)	6 00PM
2 55PM	12 30AM	Bradenton	3 15PM
3 15PM	12 45AM	Sarasota	2 50PM
3 35PM	1 00AM	Port Myers (E.T.)	12 30PM

* Operates only every third day. For dates see page 16.

* Connecting Bus between Lake Alfred and Winter Haven (fare 15c).



Equipment Information in detail will be found on page 6.

a—Change of cars at Jacksonville. b—Change of cars at Atlanta. c—Coach passengers arrive St. Louis 6:15AM. d—Coach passengers leave St. Louis 9:20PM. e—Flag or conditional stop. f—Sleeping car ready at 9:30PM. g—No direct connecting service northbound. h—Stops for revenue passengers from Evansville, Louisville and beyond, also revenue passengers to Atlanta and beyond. i—Stops for revenue passengers from Atlanta and beyond also for revenue passengers to Evansville, Louisville and beyond. j—Via Tamiami Trail Tour Bus from Tampa to Miami. These buses honor railroad tickets via ACL.

E. T.—Eastern Time. C. T.—Central Time.

A. M. time shown in LIGHT face type.

P. M. time shown in DARK face type.

THE NASHVILLE CHATTANOOGA & ST. LOUIS RAILWAY

CONDENSED SCHEDULES AND THROUGH CAR SERVICE

CHICAGO AND ATLANTA

(Operates Every Third Day (For Dates See Table 1))

#11	95	97-98	96	TABLE 11	94	94-95	92	#12
AM	PM	PM	PM	to Chicago (C&E.I.)	AM	PM	PM	PM
8:00	9:00	7:30	10:00	to Evansville (L&N.)	7:00	7:30	9:40	10:00
8:20	9:20	7:50	10:20	to Nashville	7:20	7:50	9:50	10:20
8:40	9:40	8:10	10:40	to Nashville (N.C.&St.L.)	7:40	8:10	10:10	10:40
9:00	10:00	8:30	11:00	to Chattanooga	8:00	8:30	10:30	11:00
9:20	10:20	8:50	11:20	to Chattanooga (CT)	8:20	8:50	10:50	11:20
9:40	10:40	9:10	11:40	to Atlanta (Ua.Sta.) (ET)	8:40	9:10	11:10	11:40
10:00	11:00	9:30	12:00		9:00	9:30	11:30	12:00
10:20	11:20	9:50	12:20		9:20	9:50	11:50	12:20
10:40	11:40	10:10	12:40		9:40	10:10	12:10	12:40
11:00	12:00	10:30	1:00		10:00	10:30	12:30	1:00
11:20	12:20	10:50	1:20		10:20	10:50	12:50	1:20
11:40	12:40	11:10	1:40		10:40	11:10	1:10	1:40
12:00	1:00	11:30	2:00		11:00	11:30	1:30	2:00
12:20	1:20	11:50	2:20		11:20	11:50	1:50	2:20
12:40	1:40	12:10	2:40		11:40	12:10	2:10	2:40
1:00	2:00	12:30	3:00		12:00	12:30	2:30	3:00
1:20	2:20	12:50	3:20		12:20	12:50	2:50	3:20
1:40	2:40	1:10	3:40		12:40	1:10	3:10	3:40
2:00	3:00	1:30	4:00		1:00	1:30	3:30	4:00
2:20	3:20	1:50	4:20		1:20	1:50	3:50	4:20
2:40	3:40	2:10	4:40		1:40	2:10	4:10	4:40
3:00	4:00	2:30	5:00		2:00	2:30	4:30	5:00
3:20	4:20	2:50	5:20		2:20	2:50	4:50	5:20
3:40	4:40	3:10	5:40		2:40	3:10	5:10	5:40
4:00	5:00	3:30	6:00		3:00	3:30	5:30	6:00
4:20	5:20	3:50	6:20		3:20	3:50	5:50	6:20
4:40	5:40	4:10	6:40		3:40	4:10	6:10	6:40
5:00	6:00	4:30	7:00		4:00	4:30	6:30	7:00
5:20	6:20	4:50	7:20		4:20	4:50	6:50	7:20
5:40	6:40	5:10	7:40		4:40	5:10	7:10	7:40
6:00	7:00	5:30	8:00		5:00	5:30	7:30	8:00
6:20	7:20	5:50	8:20		5:20	5:50	7:50	8:20
6:40	7:40	6:10	8:40		5:40	6:10	8:10	8:40
7:00	8:00	6:30	9:00		6:00	6:30	8:30	9:00
7:20	8:20	6:50	9:20		6:20	6:50	8:50	9:20
7:40	8:40	7:10	9:40		6:40	7:10	9:10	9:40
8:00	9:00	7:30	10:00		7:00	7:30	9:30	10:00
8:20	9:20	7:50	10:20		7:20	7:50	9:50	10:20
8:40	9:40	8:10	10:40		7:40	8:10	10:10	10:40
9:00	10:00	8:30	11:00		8:00	8:30	10:30	11:00
9:20	10:20	8:50	11:20		8:20	8:50	10:50	11:20
9:40	10:40	9:10	11:40		8:40	9:10	11:10	11:40
10:00	11:00	9:30	12:00		9:00	9:30	11:30	12:00
10:20	11:20	9:50	12:20		9:20	9:50	11:50	12:20
10:40	11:40	10:10	12:40		9:40	10:10	12:10	12:40
11:00	12:00	10:30	1:00		10:00	10:30	12:30	1:00
11:20	12:20	10:50	1:20		10:20	10:50	12:50	1:20
11:40	12:40	11:10	1:40		10:40	11:10	1:10	1:40
12:00	1:00	11:30	2:00		11:00	11:30	1:30	2:00
12:20	1:20	11:50	2:20		11:20	11:50	1:50	2:20
12:40	1:40	12:10	2:40		11:40	12:10	2:10	2:40
1:00	2:00	12:30	3:00		12:00	12:30	2:30	3:00
1:20	2:20	12:50	3:20		12:20	12:50	2:50	3:20
1:40	2:40	1:10	3:40		12:40	1:10	3:10	3:40
2:00	3:00	1:30	4:00		1:00	1:30	3:30	4:00
2:20	3:20	1:50	4:20		1:20	1:50	3:50	4:20
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3:00	4:00	2:30	5:00		2:00	2:30	4:30	5:00
3:20	4:20	2:50	5:20		2:20	2:50	4:50	5:20
3:40	4:40	3:10	5:40		2:40	3:10	5:10	5:40
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5:40	6:40	5:10	7:40		4:40	5:10	7:10	7:40
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7:20	8:20	6:50	9:20		6:20	6:50	8:50	9:20
7:40	8:40	7:10	9:40		6:40	7:10	9:10	9:40
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9:40	10:40	9:10	11:40		8:40	9:10	11:10	11:40
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11:40	12:40	11:10	1:40		10:40	11:10	1:10	1:40
12:00	1:00	11:30	2:00		11:00	11:30	1:30	2:00
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5:00	6:00	4:30	7:00		4:00	4:30	6:30	7:00
5:20	6:20	4:50	7:20		4:20	4:50	6:50	7:20
5:40	6:40	5:10	7:40		4:40	5:10	7:10	7:40
6:00	7:00	5:30	8:00		5:00	5:30	7:30	8:00
6:20	7:20	5:50	8:20		5:20	5:50	7:50	8:20
6:40	7:40	6:10	8:40		5:40	6:10	8:10	8:40
7:00	8:00	6:30	9:00		6:00	6:30	8:30	9:00
7:20	8:20	6:50						

Washington, D. C.
17 September 1943

Mr. J. J. Palley, President
Association of American Railroads
Washington, D. C.

Dear Mr. Palley:

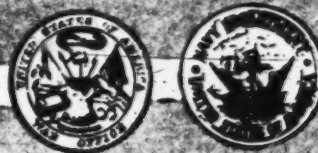
The War and Navy Departments would appreciate it if you would express to the men and women who work on America's railroads the gratitude of the Army and Navy for the splendid job they are doing.

Since the outbreak of war the railroads have hauled 76 million carloads of freight, most of it destined for battle fronts. Millions of fighting men have been transported to training camps and observation posts.

The Army and Navy realize that, to perform this big job, crews on trains, in shops, in yards, and along rights of way have had to work long and hard. To the men and women who have made this record movement of men and equipment possible, the Army and Navy are deeply grateful.

Keep up the good work -- for railroad work is war work, railroad service is vital to victory.

Sincerely yours,
Robert P. Patterson
Under Secretary of War.
James Forrestal
Under Secretary of the Navy



AMERICAN RAILROADS

PULLMAN SLEEPING CAR CHARGES—LOWER BERTH
(Subject to change without notice)

	From Nashville	From Chattanooga	From Atlanta		From Nashville	From Chattanooga	From Atlanta
Atlanta, Ga.	\$2.95			Asheville, N. C.	\$3.50	\$2.95	\$2.95
Augusta, Ga.	4.35	2.95	2.35	Lynchburg, Va.	5.25	4.10	4.35
Daytona Beach, Fla.	6.70	5.25	4.35	New York, N. Y.	7.85	7.55	7.55
Chicago, Ill.	3.50	4.95	6.40	Philadelphia, Pa.	6.95	6.70	6.70
Evansville, Ind.	2.35	2.95	3.50	St. Augustine, Fla.	6.15	4.65	4.10
Cincinnati, O.	2.95	2.95	4.10	St. Louis, Mo.	2.95	4.35	5.25
Cincinnati, Fla.	5.80	4.35	3.50	St. Petersburg, Fla.	7.85	6.70	5.25
Jacksonville, Tenn.	2.95	2.95	3.50	Tampa, Fla.	7.85	6.40	4.95
Knoxville, Ky.	2.95	2.95	3.50	Washington, D. C.	6.95	5.25	5.80
Louisville, Ky.	3.50	2.95		W. Palm Beach, Fla.	8.10	6.95	6.15
Macon, Ga.	3.50	2.95		Memphis, Tenn.	2.95		
Miami, Fla.	8.70	7.55	6.40				
Nashville, Tenn.			2.95				

(Federal Tax Not Included)

CAFE-COACH SEAT FARES

From Nashville To	From Memphis To	From Chattanooga To
Bruckton.....45	Somerville.....25	Bridgeport.....25
Lexington.....50	Whiteville.....30	Stevenson.....25
Jackson.....55	Mercer.....35	Cowan.....30
Somerville.....70	Jackson.....40	Decherd.....35
Memphis.....75	Lexington.....50	Tullahoma.....40
Murfreesboro.....25	Bruckton.....60	Wartrace.....40
Tullahoma.....30	Johnsboro.....65	Bell Buckle.....40
Cowan.....35	Dickson.....70	Murfreesboro.....40
Chattanooga.....50	Nashville.....75	Nashville.....50

(Federal Tax Not Included)

GENERAL INFORMATION

NOT RESPONSIBLE. The Nashville, Chattanooga & St. Louis Ry. is not responsible for errors or omissions in time-tables; inconvenience or damage resulting from delayed trains or failure to make connections. Schedules herein are subject to change without notice.

ADJUSTMENT OF DIFFERENCES. Conductors and agents are governed by the rules of the Company. In cases of dispute with them, it is best to pay the fare requested, take receipt and refer the matter to the General Passenger Agent, who will promptly investigate.

REDEMPTION OF TICKETS. Tickets of this Company's issue that have not been used, or only a portion of which have been used, when of any value, will be redeemed by the General Passenger Agent in accordance with established rules.

Do not fail to demand receipt for any extra tickets purchased or cash fare paid, for which claim for refund is likely to be filed.

CHILDREN under five years of age free, when accompanied by parent or guardian; five years of age and under twelve, one-half fare; twelve years of age and over, full fare.

LOST ARTICLES should be inquired for through General Passenger Agent, Nashville, or nearest representative. **NO RESPONSIBILITY ASSUMED** for unchecked articles left in stations or cars.

STOP-OVER PRIVILEGES

ONE-WAY TICKETS: Regular one-way tickets are limited to 30 days in addition to date of sale and are good for stop-over privilege at all intermediate points within limit, upon application to Conductor.

ROUND-TRIP TICKETS: Stop-over privilege will be allowed at intermediate points in either direction on All Round-trip Tickets with limit upon application to Conductor.

TIME
is doubly precious in
WAR-TIME!

Every minute Railway Express can save, in picking up or delivering your shipments—at your home, at your office or at your shipping platform—means quicker pick-up and delivery for every other shipper, throughout the day, thus enabling us to handle more shipments—including vital war supplies—FASTER.

Help us save time, in War-time.

RAILWAY EXPRESS
AGENCY INC.
NATION-WIDE SERVICE



A. M. time shown is LIGHT face type. P. M. time shown is DARK face type.

THE NASHVILLE CHATTANOOGA & ST. LOUIS RAILWAY

TOTAL MILEAGE 1,000.00

REPRESENTATIVES OF THE TRAFFIC DEPARTMENT

CHARLES BARNAN, Vice-President, Nashville, Tenn.—Tel. 6-6111.

W. K. TATE, Assistant Vice-President, Nashville-2-Tenn.—Tel. 6-6111.

PASSENGER

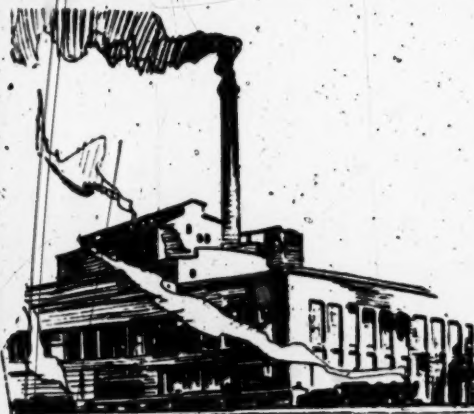
J. GAFFNEY, JR., Gen. Pass. Agt.—Tel. 6-6794—Nashville-2-Tenn.
 J. E. SCHLATTNER, Asst. to Gen. Pass. Agt.—Tel. 6-6794.
 L. E. MAYNES, Manager Dining Cars—Tel. 6-1707
 Chattanooga-3-Ga.—Room 900, 101 Marietta Street—Tel. Walnut 0905
 G. B. Harris, Division Passenger Agent.
 F. S. Laird, Passenger Traffic Agent.
 C. L. Jackson, Passenger Traffic Agent—Tel. Main 5131.
 J. M. Johnson, Ticket Agent, Joint City Ticket Office.
 Piedmont Hotel Bldg., 6 Luckie Street—Tel. Walnut 2726.
 T. F. Lawrence, Ticket Agent Union Depot—Tel. Walnut 3666.
 Chattanooga-2-Tenn.—Union Passenger Station—
 W. S. Igou, Division Passenger Agent—Tel. 6-6261.
 H. W. Tyson, Passenger Traffic Agent.
 R. H. Short, Ticket Agent, Union Depot—Tel. 6-6667.
 Chattanooga-3-Tenn.—Room 800, Bankers Building, 105 West Adams Street—
 Telephone State 2239—
 W. S. Snodell, Northern Passenger Agent. L. D. Cary, Passenger Traffic Agent.
 Nashville-1-Tenn.—516 Graham Building—Tel. 6-2529—
 P. C. Eames, Acting Florida Passenger Agent.

Knoxville-2-Tenn.—801 Hamilton National Bank Bldg.—Tel. 3-4229.
 Frank P. Raulston, General Agent.
 Memphis-2-Tenn.—Room 604, Eighty-One Madison Bldg.—Tel. 5-5303
 Joe M. Hall, Division Passenger Agent.
 W. B. Reynolds, Passenger Traffic Agent.
 W. B. Kelley, City Ticket Agt., Shrine Bldg., 74 Monroe Ave.—Tel. 8-0567.
 E. A. Gaskins, Ticket Agent, Union Station—Tel. 8-4101.
 F. R. Schett, Ticket Agent, Peabody Hotel—Tel. 8-3607.
 Miami-2-Fla.—209 Southeast First Street—Tel. 3-7369
 F. W. Cheney, Traveling Passenger Agent.
 R. A. Lane, City Passenger Agent.
 Nashville-2-Tenn.—319-323 Church Street—Tel. 6-4322—
 J. H. Howard, Div. Passenger Agt. F. W. Maness, Pass. Traffic Agt.
 J. P. Barrett, Passenger Traffic Agent.
 W. A. Lightfoot, Ticket Agent, Union Station—Tel. 5-9441.
 St. Louis-1 Mo.—1850 Railway Exchange Building—Tel. Chestnut 5887—
 D. T. O'Neal, Western Passenger Agent.
 Tulsa-Okla. (Camp Forrest), Tenn.
 H. M. Spangler, Passenger Traffic Agent.

FREIGHT

C. KIRK, Freight Traffic Manager—Tel. 6-6102—Nashville-2-Tenn.
 E. WHARTON, General Freight Agent.
 Service and Sales—Tel. 6-7123—
 A. BURKE, Gen. Fht. Agt., Rates and Divisions—Tel. 6-1202—
 W. SLOAN, Senior Assistant General Fht. Agt.—Divisions—Tel. 6-7123—
 Nashville, Tenn.
 E. O'CONNOR, Assistant Gen. Fht. Agt.—Rates—Tel. 6-1202—Nashville-2-Tenn.
 J. STONER, Asst. Gen. Fht. Agt.—Service and Sales—Tel. Walnut 0905-36—
 Atlanta, Ga.
 L. WEILAND, Asst. Gen. Fht. Agent—Service and Sales—Tel. 6-5102—Nash-
 ville-2-Tenn.
 B. REYNOLDS, Asst. Gen. Fht. Agt.—Rates—Tel. 6-1202—Nashville-2-Tenn.
 A. L. ROACH, Asst. to Gen. Fht. Agt.—Service and Sales—Tel. 6-7123
 L. HANES, Commercial Agent—Tel. 6-7123—Nashville-2-Tenn.
 A. SENTER, Gen. Development Agt.—Tel. 6-6102—Nashville-2-Tenn.
 Chattanooga-3-Ga.—101 Marietta Street—Tel. Walnut 0905—
 T. M. Wilson, Division Freight Agent. A. D. Carter, Freight Traffic Agent.
 C. T. Love, Commercial Agt. H. A. Bennett, Fht. Traf. Agt.
 G. C. Holcombe, Live Stock Agt. G. T. Ward, Fht. Traf. Agt.
 Atlanta, Ga.—519 520 Southern Finance Building—Tel. 2-5125.
 C. W. Johnson, Fht. Traf. Agt.
 E. H. Bolton, General Agent—Freight. C. W. Hart, Freight Traffic Agent.
 Birmingham-3-Ala.—Room 1220, Empire Bldg.—Tel. 4-2922.
 W. R. Willson, General Agent.
 Knoxville-2-Tenn.—415 Wilder Bldg.—Tel. 4-3534—C. B. Willingham, General Agent.
 Chattanooga-2-Tenn.—120 West Ninth St.—Tels. 6-2531 and 6-2911—
 H. G. Edmondson, General Agent—Freight.
 W. E. Perkins, Commercial Agent. E. G. Tucker, Freight Traffic Agent.
 T. G. Belcher, Fht. Traffic Agt. C. E. Murray, Fht. Traffic Agt.
 E. W. Scofield, Fht. Traf. Agt.—Union Depot Baggage Room—Tel. 2-5976.
 Chattanooga-3-Tenn.—Room 600, Bankers Building, 105 West Adams Street—
 Telephone Central 2701—J. M. Norton, General Northern Agent.
 I. N. Phillips, Assistant General Northern Agent.
 Geo. Javitz, Fht. Traffic Agent.
 I. F. Stevens, Freight Traf. Agt. A. E. Marti, Freight Traf. Agt.
 E. C. Falkenstein, Freight Traffic Agent.
 Nashville, Ala.—N. C. & St. L. Depot, Tel. 355—Irby Holloway, General Agent.
 Chattanooga, Tenn.—N. C. & St. L. Depot, South Royal Street—Tel. 165—
 P. L. Raper, General Agent.

Jacksonville-1-Fla.—515 Graham Building—Tels. 5-2528 and 5-2529—
 T. P. Grady, Florida Gen. Agt. W. S. Marshall, Fht. Traf. Agt.
 Kansas City-6-Mo.—724 Railway Exchange Bldg.—Tel. Victor 5211
 Carl Jewell, General Agent—Freight. J. W. Joslin, Freight Traffic Agent.
 Elmo Adams, Freight Traffic Agent. M. E. Silia, Freight Traffic Agent.
 Knoxville-2-Tenn.—801 Hamilton National Bank Bldg.—Tel. 3-4229—
 Frank P. Raulston, General Agent.
 Louisville-2-Ky.—220 Heyburn Building—Telephone Jackson 3317—
 L. L. Davis, General Agent. C. G. Conley, Fht. Traf. Agt.
 Mason, Ga.—Macon Terminal Company Bldg.—Room 104—Tel. 911—
 E. H. Forbes, General Agent—Freight. T. M. Paulkner, Fht. Traf. Agt.
 J. K. Sykes, Jr., Fht. Traf. Agt.
 Memphis-2-Tenn.—Eighty-One Madison Bldg.—Tel. 8-0527—
 U. R. Watson, General Agent.
 R. S. McCallen, Freight Traffic Agent. J. E. Crymes, Jr., Fht. Traf. Agt.
 P. L. Saffer, Fht. Traf. Agt.
 Miami-2-Fla.—1229 Ingraham Building—
 R. B. Harrington, Commercial Agt. R. B. Elliott, Fht. Traf. Agt.—Tel. 2-7573.
 Nashville-2-Tenn.—319-323 Church Street—Tel. 6-1175—
 W. M. Whittemore, General Agent.
 J. C. Davis, Fht. Traf. Agt. M. D. Tomlin, Fht. Traf. Agt.
 Geo. F. Clark, Fht. Traf. Agt.
 J. C. Sipe, Freight Traffic Agent, Union Station.
 New York City-10-N. Y.—500 Fifth Avenue, Rooms 2923 and 2924—
 Telephone Pennsylvania 6-4142—
 A. T. Ridley, Gen. East Agt. D. V. Saxon, Commercial Agent.
 J. J. Lorden, Freight Traffic Agent.
 Orlando, Fla.—G. O. Howell, Jr., Commercial Agent.
 Rome, Ga.—John D. Grady, Freight Traffic Agent—Telephone 5003.
 St. Louis-1 Mo.—1850-51 Railway Exchange Building—
 Telephone Chestnut 0846—
 J. V. McCarty, General Agent—Freight.
 J. L. Knapp, Fht. Traf. Agt. J. H. Sutton, Fht. Traf. Agt.
 R. H. Dierker, Freight Traffic Agent.
 Savannah, Ga.—1012 Realty Building—Telephone 2-4634
 T. N. Stevens, Commercial Agent.
 Tampa-1-Fla.—310 Stovall Building—Telephone 3888—
 C. F. Baker, Commercial Agent. W. T. Haskins, Freight Traffic Agent.
 Washington-6-D. C.—621 Woodward Bldg., 15th & H Sts. N.W. Tel. Republic 1229.
 L. A. Heatherman, General Agent. Thomas H. Routenberg, Fht. Traf. Agt.



INDUSTRIAL OPPORTUNITIES

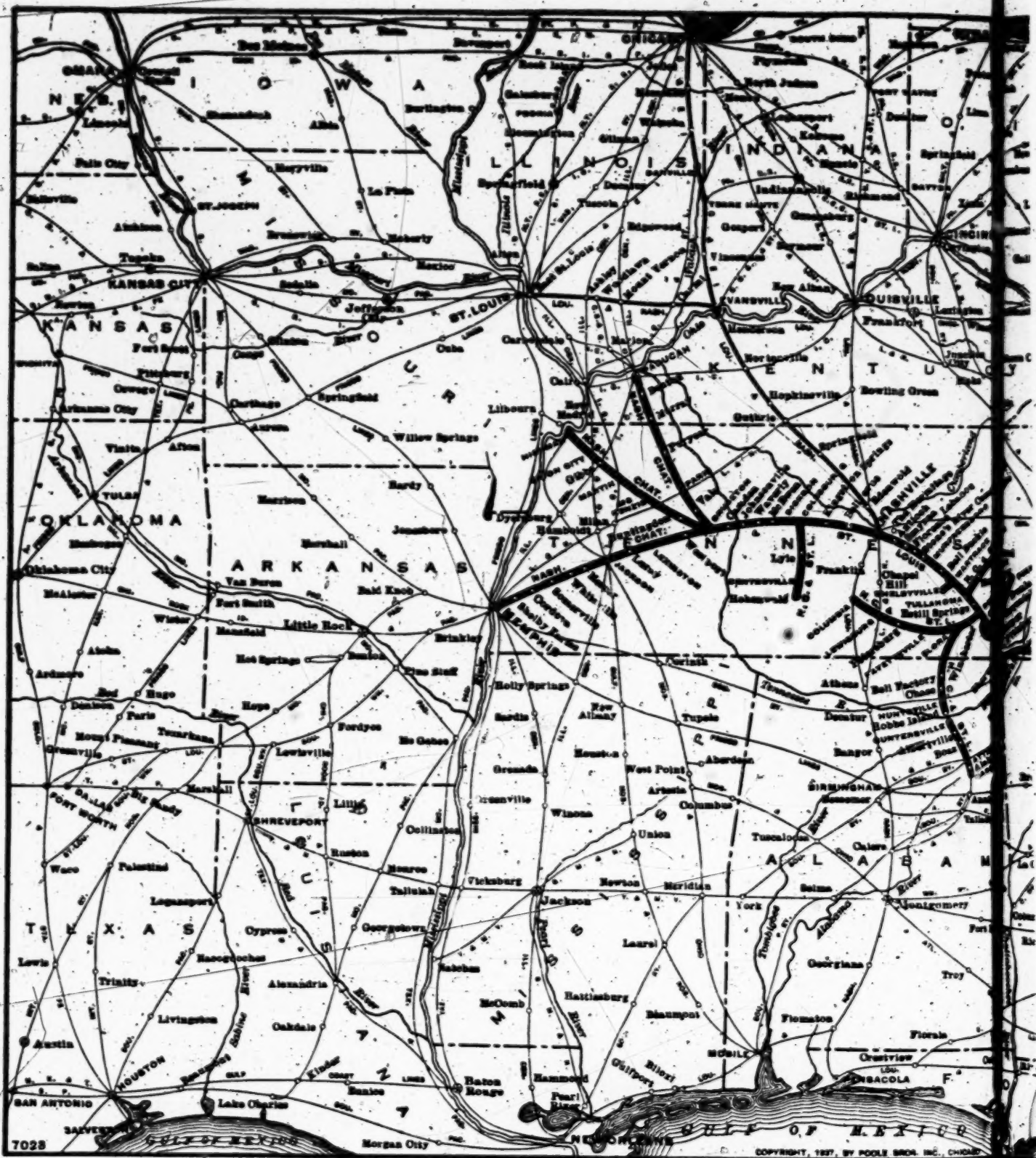
The territory served by The Nashville, Chattanooga & St. Louis Railway offers advantages for the successful operation of a wide variety of manufacturing plants:

For information concerning industrial sites, raw materials, power, labor, etc., please communicate with—

J. A. SENTER

GENERAL DEVELOPMENT AGENT

THE NASHVILLE, CHATTANOOGA & ST. LOUIS RAILWAY
 NASHVILLE-3-TENNESSEE





THE NASHVILLE CHATTANOOGA & ST. LOUIS RAILWAY

TABLE 1 ATLANTA CHATTANOOGA NASHVILLE MEMPHIS HICKMAN AND PADUCAH															ADDITIONAL FLAG STOPS					
REFERENCE NOTES															Chattanooga Division					
*Train leaves Nashville Nov. 11, 14, 17, 20, 23, 26, 29, Dec. 2, 5, 8, 11, 14, 17, 20, 23, 26, 29, Jan. 1, 4, 7, 10, 13, 16, 19, 22, 25, 28, 31, Feb. 3, 6, 9, 12, 15, 18, 21, 24, 27 and every 3rd day thereafter.															Nos. 5 and 6 stop on at Rucker, Florence, Co. and Long Island revenue passengers.					
*Train leaves Atlanta Nov. 13, 16, 19, 22, 25, 28, Dec. 1, 4, 7, 10, 13, 16, 19, 22, 25, 28, 31, Jan. 3, 6, 9, 12, 15, 18, 21, 24, 27, 30, Feb. 2, 5, 8, 11, 14, 17, 20, 23, 26, 29, and every 3rd day thereafter.															Nashville Division					
a-Flag stop Sundays only for revenue passengers.															Nos. 1, 3 and 5 will stop at Belle Meade to discharge revenue passengers. Nos. 1 and 4 will stop at Belle Meade on flag to take revenue passengers.					
c-Stops to let off revenue passengers from Nashville and beyond, to take on revenue passengers for Memphis and beyond.															Nos. 1 and 4 stop on at Craggie Hope for revenue passengers.					
f-Flag stop.															Nos. 1 and 3 stop on at Sawyer's Mill for revenue passengers.					
g-Flag stop for revenue passengers only.															No. 3 stops on flag Craggie Hope.					
h-Stops for revenue passengers to and from Evansville, Louisville and beyond, also for revenue passengers to and from Atlanta and beyond.															No. 4 stops on flag Sawyer's Mill.					
i-No. 32 stops at: Marietta, Ga., on flag to receive revenue passengers for Nashville or beyond.															No. 4 stops on flag Vaughn's Gap for revenue passengers.					
Kingston, Ga., on flag to pick up revenue passengers for Chicago, St. Louis or beyond.															Nos. 3, 4, 5 and 6 stop flag at Shoffner, Brainerd, Dresden, Croasing, Shaw and Dodd.					
j-No. 33 stops at: Dalton, Ga., to leave revenue passengers from Nashville or beyond, and stops on flag to take revenue passengers for Atlanta or beyond.															VALUABLE BAGGAGE					
Marietta, Ga., to leave revenue passengers from Nashville and beyond.															10 Cents will increase your baggage valuation allowance \$100.00 Ask the Agent					
k-No. 34 stops at: Cowan, Decherd, Wartrace and Smyrna, Tenn., to let off revenue passengers from points beyond Chattanooga and to receive revenue passengers for Evansville, Louisville, Memphis and beyond.															Send a Prepaid Ticket Order for a railroad ticket Pullman ticket and expense money on route for your relative or friend.					
l-No. 35 stops at: Smyrna, Wartrace, Decherd and Cowan, Tenn., to let off revenue passengers from Memphis, Louisville, Evansville and beyond, and to receive revenue passengers for points beyond Chattanooga.															Any N. C. & St. Ticket Agent or Passenger Representative will be glad to talk to you about this special service.					
THE DIXIE FLAGLER															THE DIXIE FLAGLER					
Every 3rd day	90 Daily	94 Daily	4 Daily	32 Daily	6 Daily	Miles	ATLANTA DIVISION								96 Daily	91 Daily	3 Daily	5 Daily	93 Daily	Every 3rd day
AM	PM	AM	PM	AM	PM		Atlanta, Ga. (E.T.)	7 30	7 40	8 15	10 00	12 18								
						6.9	Bolton			7 52										
						11.1	Chattahoochee River													
						14.9	Vinings			7 45										
						20.4	Smyrna			7 36										
						28.6	Marietta	6 35	6 55	7 24	12 18									
						34.5	Kennesaw			7 02										
						40.1	Acworth			6 50										
						43.1	Allatoona													
						47.5	Emerson			6 36										
						52.3	Etowah River			5 52	6 13	6 28								
						58.6	Cartersville													
						63.6	Cass			6 06										
						68.5	Kingston			5 54										
						74.7	Halls			5 47										
						78.0	Adairsville			5 36										
						84.0	McDaniel			5 30										
						90.3	Calhoun	5 05	5 25											
						99.1	Oostanaula River			5 15										
						106.8	Resaca			5 05										
						114.5	Tilton	4 37	4 55	4 52	12 22									
						120.2	Dalton			4 46										
						126.0	Gravel Hill			4 24	7 00									
						136.8	Brinkgold			4 14										
							Graysville, Ga. (E.T.)			3 05										
							Chickamauga, Tenn. (C.T.)			2 45										
							Chattanooga, Tenn.	2 40	3 00	2 45	5 25	8 05								
							Tennessee River													
							Chattanooga, Tenn.	2 50	2 50	2 25	7 30	5 15	7 55							
							Wauhatchie													
							Hooker, Ga.			6 45										
							Whiteside, Tenn.			6 31										
							Shelbourn													
							Tennessee River													
							Bridgeport, Ala.			12 58	6 18									
							Stevenson			12 40										
							Bass, Ala.			6 06										
							Anderson, Tenn.			6 02										
							Sherwood			12 10	11 35									
							Cowan			11 19	4 40	3 10								
							Decherd			11 13	4 40									
							Estill Springs			11 13	4 40									
							Tullahoma	11 48	12 18	10 58	2 55	4 53								
							(Camp Forrest)													
							Normandy													
							Haley			4 09										
							Wartrace	11 22		10 30	4 01									
							Bell Buckle			10 21										
							Fosterville													
							Christiana													
							Murfreesboro	10 50	11 24	9 51										
							Stone's River													
							National Cemetery													
							Smyrna	10 31	11 08	9 31	2 59									
							Laverne													
							Antioch													
							Nashville, Tenn.	10 00	10 40	9 00	2 30	1 20	4 33							
							Cumberland River													
							NASHVILLE DIVISION													
							Nashville, Tenn.	6 30		8 00	2 00									
							Bellevue			7 25										
							Newsom			7 14										
							Pegram			7 04										
							Kingston Springs			6 55										
							White Bluff			6 43										
							Burns			6 32										
							Colesburg			6 23										
							Dickson			6 13	12 00									
							Pond			6 03										
							Tennessee City	4 43												
							McEwen	4 33												
							Gorman	4 25												
							Waverly	4 18												
							Denver	4 04												
							Johnsonville	3 59												
							Tennessee River													
							Eva	3 54												
							Camden	3 44												
							Bruceston	3 25												
							Bruceston	3 15												
							Jackson	1 25												
							Memphis, Tenn.	11 00												
							Bruceston			4 05	11 15									
							McKenzie, Tenn.			4 05	9 49									
							Hickman, Ky.			4 05	8 10									
							Bruceston, Tenn.			4 10	10 35									
							Paris, Tenn.			4 21	9 52									
							Paducah, Ky.			4 30	8 00									

BUY WAR SAVINGS BONDS AND STAMPS

Local schedules between Bruceton and Memphis see Table 2.

Local schedules between Bruceton and Hickman see Table 4.

Local schedules between Bruceton and Paducah see Table 3.

ADDITIONAL FLAG STOPS

Chattanooga Division
Nos. 5 and 6 stop on flag at Rucker, Florence, Co. and Long Island revenue passengers.

Nashville Division
Nos. 1, 3 and 5 will stop on flag at Belle Meade to discharge revenue passengers. Nos. 1 and 4 will stop on flag at Belle Meade on flag to take revenue passengers.

Nos. 1 and 4 stop on flag at Craggie Hope for revenue passengers.

Nos. 1 and 3 stop on flag at Sawyer's Mill for revenue passengers.

No. 3 stops on flag at Craggie Hope.

No. 4 stops on flag at Sawyer's Mill.

No. 4 stops on flag at Vaughn's Gap for revenue passengers.

Nos. 3, 4, 5 and 6 stop on flag at Shofner, Brevard, Dresden Crossing, Shaw and Dodd.

VALUABLE BAGGAGE

10 Cents will increase your baggage valuation allowance \$100.00 Ask the Agent

BUY WAR SAVINGS BONDS AND STAMPS

Send a Prepaid Ticket Order

for a railroad ticket Pullman ticket and expense money on route for your relative or friend.

Any N. C. & St. L. Ticket Agent or Passenger Representative will be glad to talk to you about this special service.

Local schedules between Bruceston and Memphis see Table 2.

Local schedules between Bruceston and Hickman see Table 4.

Local schedules between Bruceston and Paducah see Table 3.

THE NASHVILLE CHATTANOOGA & ST. LOUIS RAILWAY

TABLE 3 ATLANTA, NASHVILLE, PADUCAH, BRUCETON AND MEMPHIS

4-2 Daily	4 Daily	1-86 Daily	Miles	Central Time	3 Daily	5 Daily	1-86 Daily
11 30	11 30	7 30	0.0	Atlanta, Ga. (E.T.)	8 15	7 30	7 30
11 35	11 35	7 35	136.8	Chattanooga, Tenn. (C.T.)	8 25	7 35	7 35
11 40	11 40	7 40	288.5	Nashville	8 30	7 40	7 40
11 45	11 45	7 45	383.4	Bruceton, Tenn.	8 35	7 45	7 45
11 50	11 50	7 50	0.0	Paducah, Ky.	8 40	7 50	7 50
11 55	11 55	7 55	86.2	Bruceton, Tenn.	8 45	7 55	7 55
12 00	12 00	8 00					
12 05	12 05	8 05					
12 10	12 10	8 10					
12 15	12 15	8 15					
12 20	12 20	8 20					
12 25	12 25	8 25					
12 30	12 30	8 30					
12 35	12 35	8 35					
12 40	12 40	8 40					
12 45	12 45	8 45					
12 50	12 50	8 50					
12 55	12 55	8 55					
1 00	1 00	9 00					
1 05	1 05	9 05					
1 10	1 10	9 10					
1 15	1 15	9 15					
1 20	1 20	9 20					
1 25	1 25	9 25					
1 30	1 30	9 30					
1 35	1 35	9 35					
1 40	1 40	9 40					
1 45	1 45	9 45					
1 50	1 50	9 50					
1 55	1 55	9 55					
2 00	2 00	10 00					
2 05	2 05	10 05					
2 10	2 10	10 10					
2 15	2 15	10 15					
2 20	2 20	10 20					
2 25	2 25	10 25					
2 30	2 30	10 30					
2 35	2 35	10 35					
2 40	2 40	10 40					
2 45	2 45	10 45					
2 50	2 50	10 50					
2 55	2 55	10 55					
3 00	3 00	11 00					
3 05	3 05	11 05					
3 10	3 10	11 10					
3 15	3 15	11 15					
3 20	3 20	11 20					
3 25	3 25	11 25					
3 30	3 30	11 30					
3 35	3 35	11 35					
3 40	3 40	11 40					
3 45	3 45	11 45					
3 50	3 50	11 50					
3 55	3 55	11 55					
4 00	4 00	12 00					
4 05	4 05	12 05					
4 10	4 10	12 10					
4 15	4 15	12 15					
4 20	4 20	12 20					
4 25	4 25	12 25					
4 30	4 30	12 30					
4 35	4 35	12 35					
4 40	4 40	12 40					
4 45	4 45	12 45					
4 50	4 50	12 50					
4 55	4 55	12 55					
5 00	5 00	1 00					
5 05	5 05	1 05					
5 10	5 10	1 10					
5 15	5 15	1 15					
5 20	5 20	1 20					
5 25	5 25	1 25					
5 30	5 30	1 30					
5 35	5 35	1 35					
5 40	5 40	1 40					
5 45	5 45	1 45					
5 50	5 50	1 50					
5 55	5 55	1 55					
6 00	6 00	2 00					
6 05	6 05	2 05					
6 10	6 10	2 10					
6 15	6 15	2 15					
6 20	6 20	2 20					
6 25	6 25	2 25					
6 30	6 30	2 30					
6 35	6 35	2 35					
6 40	6 40	2 40					
6 45	6 45	2 45					
6 50	6 50	2 50					
6 55	6 55	2 55					
7 00	7 00	3 00					
7 05	7 05	3 05					
7 10	7 10	3 10					
7 15	7 15	3 15					
7 20	7 20	3 20					
7 25	7 25	3 25					
7 30	7 30	3 30					
7 35	7 35	3 35					
7 40	7 40	3 40					
7 45	7 45	3 45					
7 50	7 50	3 50					
7 55	7 55	3 55					
8 00	8 00	4 00					
8 05	8 05	4 05					
8 10	8 10	4 10					
8 15	8 15	4 15					
8 20	8 20	4 20					
8 25	8 25	4 25					
8 30	8 30	4 30					
8 35	8 35	4 35					
8 40	8 40	4 40					
8 45	8 45	4 45					
8 50	8 50	4 50					
8 55	8 55	4 55					
9 00	9 00	5 00					
9 05	9 05	5 05					
9 10	9 10	5 10					
9 15	9 15	5 15					
9 20	9 20	5 20					
9 25	9 25	5 25					
9 30	9 30	5 30					
9 35	9 35	5 35					
9 40	9 40	5 40					
9 45	9 45	5 45					
9 50	9 50	5 50					
9 55	9 55	5 55					
10 00	10 00	6 00					
10 05	10 05	6 05					
10 10	10 10	6 10					
10 15	10 15	6 15					
10 20	10 20	6 20					
10 25	10 25	6 25					
10 30	10 30	6 30					
10 35	10 35	6 35					
10 40	10 40	6 40					
10 45	10 45	6 45					
10 50	10 50	6 50					
10 55	10 55	6 55					
11 00	11 00	7 00					
11 05	11 05	7 05					
11 10	11 10	7 10					
11 15	11 15	7 15					
11 20	11 20	7 20					
11 25	11 25	7 25					
11 30	11 30	7 30					
11 35	11 35	7 35					
11 40	11 40	7 40					
11 45	11 45	7 45					
11 50	11 50	7 50					
11 55	11 55	7 55					
12 00	12 00	8 00					
12 05	12 05	8 05					
12 10	12 10	8 10					
12 15	12 15	8 15					
12 20	12 20	8 20					
12 25	12 25	8 25					
12 30	12 30	8 30					
12 35	12 35	8 35					
12 40	12 40	8 40					
12 45	12 45	8 45					
12 50	12 50	8 50					
12 55	12 55	8 55					
1 00	1 00	9 00					
1 05	1 05	9 05					
1 10	1 10	9 10					
1 15	1 15	9 15					
1 20	1 20	9 20					
1 25	1 25	9 25					
1 30	1 30	9 30					
1 35	1 35	9 35					
1 40	1 40	9 40					
1 45	1 45	9 45					
1 50	1 50	9 50					
1 55	1 55	9 55					
2 00	2 00	10 00					
2 05	2 05	10 05					
2 10	2 10	10 10					
2 15	2 15	10 15					
2 20	2 20	10 20					
2 25	2 25	10 25					
2 30	2 30	10 30					
2 35	2 35	10 35					
2 40	2 40	10 40					
2 45	2 45	10 45					
2 50	2 50	10 50					
2 55	2 55	10 55					
3 00	3 00	11 00					
3 05	3 05	11 05					
3 10	3 10	11 10					
3 15	3 15	11 15					
3 20	3 20	11 20					
3 25	3 25	11 25					
3 30	3 30	11 30					
3 35	3 35	11 35					
3 40	3 40	11 40					
3 45	3 45	11 45					
3 50	3 50	11 50					
3 55	3 55	11 55					
4 00	4 00	12 00					
4 05	4 05	12 05					
4 10	4 10	12 10					
4 15	4 15	12 15					
4 20	4 20	12 20					
4 25	4 25	12 25					
4 30	4 30	12 30					
4 35	4 35	12 35					
4 40	4 40	12 40					
4 45	4 45	12 45					
4 50	4 50	12 50					
4 55	4 55	12 55					
5 00	5 00	1 00					
5 05	5 05	1 05					
5 10	5 10	1 10					
5 15	5 15	1 15					
5 20	5 20	1 20					
5 25	5 25	1 25					
5 30	5 30	1 30					
5 35	5 35	1 35					
5 40	5 40	1 40					
5 45	5 45	1 45					
5 50	5 50	1 50					
5 55	5 55	1 55					
6 00	6 00	2 00					
6 05							

THE NASHVILLE CHATTANOOGA & ST. LOUIS RAILWAY

CAFÉ COACH SERVICE

Observation—Air-Conditioned—Reclining Chairs

BETWEEN

NASHVILLE—MEMPHIS

NASHVILLE—CHATTANOOGA

Comfortable—Clean—Quiet

Good Meals—Reasonable Prices

WESTERN UNION TELEGRAMS

May be sent from any telegraph station. Domestic Service. Full Rate Telegrams (fast service at reasonable rates) Day Letters (inexpensive deferred service) Night Letters (overnight service at reduced rates) The porter will send your telegram or cablegram from the next station.

TABLE 6 BRIDGEPORT AND PIKEVILLE

185 Mixed Daily Ex. Su.	Miles		186 Mixed Daily Ex. Su.
Mixed		PIKEVILLE BRANCH	Mixed
		Tennessee River	
6:00	0	Lv Bridgeport, Ala.	1:15
6:10	2.8	" Richard City, Tenn.	12:43
6:25	4.5	" So. Pittsburg.	12:33
6:34	7.6	" Kimball.	12:13
6:45	11.7	" Jasper.	12:01
6:55	15.5	" Sequatchie.	11:45
7:05	19.0	" Victoria.	11:32
7:20	22.6	" Whitwell.	11:20
7:30	25.8	" Shirleyton.	11:08
7:43	32.3	" Daus.	10:50
7:58	37.0	" Dunlap.	10:35
8:15	42.2	" Mt. Airy.	10:15
8:24	44.9	" Pailo.	10:05
8:32	48.3	" College.	9:55
8:42	51.9	" Lees.	9:45
9:00	56.8	Lv Pikeville, Tenn.	9:30

TABLE 7 COWAN, TRACY CITY & PALMER

AM		Lv Nashville.	Ar	PM
7:00		Lv Chattanooga.	Ar	12:15
13		MIXED TRAIN SERVICE		132
Ex. Su.	Miles		Ex. Su.	
AM		Lv Cowan, Tenn.	Ar	7:55
10:10	0	" Sewanee.	Lv	7:25
11:05	8.0	" St. Andrews.	"	7:15
11:25	13.8	" Montecagle.	"	7:00
11:35	16.1	Lv Summerfield.	"	
11:55	19.9	Lv Tracy City, Tenn.	Lv	7:00

Flag stop for revenue passengers only.
Mixed train service only on this branch.
Baggage handled on these trains.

TRACY CITY AND PALMER

131 Ex. Su.	Miles	MIXED TRAIN SERVICE	130 Ex. Su.
AM			PM
10:00	19.9	Lv Tracy City, Tenn.	1:15
10:20	26.8	Ar Coalmont.	12:50
11:00	37.6	Lv Palmer, Tenn.	12:00

Gruetli, Keys, Henley and Collins are flag stops for Nos. 130 and 131. f-Flag stop.

Taxi service daily between Cowan and Montecagle, leaving Cowan at 9:15 A.M., 12:25 P.M., 4:10 P.M., 5:15 P.M.; leaving Montecagle at 8:40 A.M., 11:00 A.M., 2:40 P.M., 3:40 P.M., stopping at Sewanee and St. Andrews. Tickets reading through from Nashville or points beyond, or from Chattanooga or points beyond, destined to Sewanee or Montecagle; also from Montecagle or Sewanee to Nashville or points beyond, or to Chattanooga or points beyond, will be honored in taxi service without additional charge, on advance notice to Conductor or Agents at Cowan or Sewanee. Baggage handled on mixed trains. Holders of tickets to Cowan (proper) will make own arrangements and pay regular taxi charges.

NATIONAL DAYLIGHT SAVING TIME

By an act of Congress, the standard time in each of the present time zones throughout the United States was advanced one hour on February 9, 1942.

The N. C. & St. L. Rwy. advanced its services to conform with the Act. It should be understood that the train schedules shown herein are, therefore, automatically correct under the Daylight Saving Act.

TABLE 8 TULLAHOMA AND SPARTA

185 Mixed Ex. Su.	Miles	SPARTA BRANCH	184 Mixed Ex. Su.
AM			PM
5:25	0	Lv Tullahoma, Tenn.	3:00
6:05	11.7	" Manchester.	2:10
6:30	19.2	" Summittville.	1:45
6:45	24.3	" Morrison.	1:30
7:00	29.5	" Smartts.	1:15
7:55	34.2	" McMinville.	1:00
8:15	41.4	" Rowland.	11:59
8:25	44.5	" Campaign.	11:49
8:32	46.4	" Rock Island.	11:39
8:37	48.0	" Walling.	11:33
8:45	49.9	" Quebeck.	11:27
9:07	54.2	Lv Doyle.	11:15
9:22	60.5	Lv Sparta, Tenn.	11:00



For local service between Nashville and Chattanooga, see Table 1. Belmont is flag stop for Nos. 184 and 185.

TABLE 9 WARTRACE AND SHELBYVILLE

AM		Lv Nashville.	Ar	PM	
10:00		Lv Chattanooga.	Ar	12:15	6:35
7:00					7:30
225		SHELBYVILLE BRANCH	226		224
Ex. Su.	Ex. Su.		Ex. Su.	Ex. Su.	
AM	AM	Lv Wartrace, Tenn.	Ar	10:10	2:55
11:55	8:00	Lv Shelbyville, Tenn.	Lv	9:45	2:30
12:20	8:25	Duck River			

For local service between Nashville and Chattanooga, see Table 1. Grays and Coldwell are flag stops for all trains.

TABLE 10 DICKSON, CENTREVILLE AND HOHENWALD

AM		Lv Nashville.	Ar
8:00			
161 Mixed Mo. We. Fr.	Miles	CENTREVILLE BRANCH	162 Mixed Tu. Th. Sa.
9:20	0	Lv Dickson, Tenn.	6:15
9:30	2.2	" Colesburg.	5:45
9:38	4.9	" Pomona.	5:36
9:45	6.6	" Tidwell.	5:30
9:51	8.2	" Iron Hill.	5:22
10:01	10.0	" Bon Aqua.	5:12
10:30	14.4	" Lyle.	5:01
10:56	22.8	" Graham.	4:31
11:06	24.3	" Nannelly.	4:26
11:14	26.1	" Goodrich.	4:18
11:30	30.0	" Grinders.	4:05
		Duck River	
11:45	32.3	" Centreville.	3:55
11:55	33.4	" Twomey.	3:50
12:03	35.2	" Deans.	3:35
12:15	38.2	" Watson.	3:25
12:20	39.1	" Buffalo.	3:20
12:32	42.4	" Aetna.	3:05
12:47	45.6	" Kimmis.	2:55
1:07	52.1	" Hohenwald.	2:35

For local service between Nashville and Dickson, see Table 1.

INDEX OF STATIONS ON THE NASHVILLE, CHATTANOOGA & ST. LOUIS RAILWAY

Stations	Table	Pop. 1940	Elevation	Stations	Table	Pop. 1940	Elevation	Stations	Table	Pop. 1940	Elevation
Buff, Tenn.	10	75	915	Gleason, Tenn.	4	883	407	Oakland, Tenn.		251	300
Bethesda, Ga.		1267	913	Glencliff, Tenn.			453	Oaks, Ky.		10	341
Birmingham, Ala.	10	827	707	Glenade, Tenn.	10	215	627	Orme, Tenn.		277	838
Birmingham, Ala.	10	100	907	Goodrich, Tenn.	10	80	554	Paducah, Ky.	1.2.3	33765	340
Birmingham, Ala.	10	8544	540	Gorman, Tenn.	10	85	585	Pailo, Tenn.		25	755
Birmingham, Ala.	10	3651	1056	Graham, Tenn.	10	126	637	Palmer, Tenn.		1228	1800
Birmingham, Ala.	10	50	865	Grassville, Ga.	10	300	1891	Paris, Tenn.		6395	508
Birmingham, Ala.	10	154	430	Grassville, Ga.	10	12	735	Park, Tenn.		50	663
Birmingham, Ala.	10	175	636	Grassville, Ga.	10	581	581	Pegram, Tenn.		300	543
Birmingham, Ala.	10	250	514	Grausters, Tenn.		4398	593	Petersburg, Tenn.		581	740
Birmingham, Ala.	1.2.3.4	302288	1033	Grausters, Tenn.		150	837	Pikeville, Tenn.		759	871
Birmingham, Ala.		4885	537	Haley, Tenn.		150	774	Plevna, Ala.		100	850
Birmingham, Ala.			284	Halla, Ga.		414	419	Pomona, Tenn.	10	25	870
Birmingham, Ala.		75	200	Hardin, Ky.		75	320	Pond, Tenn.		50	909
Birmingham, Ala.	10	12	723	Hatchie, Tenn.		396	557	Puryear, Tenn.		368	607
Birmingham, Ala.	10	75	873	Hazel, Ky.		25	1011	Quebeck, Tenn.		400	897
Birmingham, Ala.	10	100	387	Hickerson, Tenn.		2268	307	Ralston, Tenn.		40	484
Birmingham, Ala.	10	150	829	Hickman, Ky.		25	600	Redstone, Ala.		100	591
Birmingham, Ala.	10	358	837	Hickory Withe, Tenn.		25	630	Remosa, Ga.		121	642
Birmingham, Ala.			1053	Hicks, Tenn.		10	435	Richard City, Tenn.		1008	622
Birmingham, Ala.		300	895	Hico, Tenn.		50	514	Ringgold, Ga.		882	780
Birmingham, Ala.		68	705	Hill, Tenn.		200	583	Rock Island, Tenn.		90	817
Birmingham, Ala.		50	1052	Hill Top, Tenn.	10	1085	967	Rockledge, Tenn.			821
Birmingham, Ala.		120	968	Hobbs Island, Ala.		422	418	Rocky Face, Ga.		100	768
Birmingham, Ala.		1906	374	Hobbs Island, Ala.			872	Rodemer, Tenn.	10		791
Birmingham, Ala.		150	278	Hobbs Island, Ala.		180	705	Rosner, Tenn.		40	480
Birmingham, Ala.	10	50	961	Hobbs Island, Ala.		1432	430	Rowland, Tenn.		40	971
Birmingham, Ala.		1927	1070	Hobbs Island, Ala.		303	938	Rucker, Tenn.		100	672
Birmingham, Ala.		1000	836	Hobbs Island, Ala.		13050	606	Ryan, Ky.			342
Birmingham, Ala.	10	250	835	Hobbs Island, Ala.		52	412	Sawyers Mill, Tenn.			421
Birmingham, Ala.			682	Hobbs Island, Ala.			600	Sequatchie, Tenn.		400	631
Birmingham, Ala.		2031	651	Hobbs Island, Ala.			600	Sewanee, Tenn.		1600	1860
Birmingham, Ala.		8	945	Hobbs Island, Ala.			600	Shelby Farms, Tenn.			284
Birmingham, Ala.			735	Hobbs Island, Ala.			600	Shelbyville, Tenn.		6537	751
Birmingham, Ala.	1.2.3.4	1003	404	Hobbs Island, Ala.			600	Shelbyville, Tenn.		20	626
Birmingham, Ala.			774	Hobbs Island, Ala.			600	Sherwood, Tenn.		1275	861
Birmingham, Ala.			685	Hobbs Island, Ala.			600	Shirleyton, Tenn.			662
Birmingham, Ala.		150	505	Hobbs Island, Ala.			600	Shoffner, Tenn.		10	309
Birmingham, Ala.			862	Hobbs Island, Ala.			600	Shucks, Ky.			327
Birmingham, Ala.		600	796	Hobbs Island, Ala.			600	Silver Creek, Tenn.		25	716
Birmingham, Ala.		2385	645	Hobbs Island, Ala.			600	Sligo, Ala.		7	755
Birmingham, Ala.		992	408	Hobbs Island, Ala.			600	Smartts, Tenn.		75	1009
Birmingham, Ala.		600	924	Hobbs Island, Ala.			600	Smyrna, Tenn.		493	543
Birmingham, Ala.		100	1070	Hobbs Island, Ala.			600	Smyrna, Ga.		1440	1000
Birmingham, Ala.		6141	746	Hobbs Island, Ala.			600	Somerville, Tenn.		1570	350
Birmingham, Ala.			689	Hobbs Island, Ala.			600	So. Pittsburg, Tenn.		2285	620
Birmingham, Ala.		50	753	Hobbs Island, Ala.			600	Sparta, Tenn.		2506	915
Birmingham, Ala.	10	1030	485	Hobbs Island, Ala.			600	St. Andrews, Tenn.		26	1945
Birmingham, Ala.		200	720	Hobbs Island, Ala.			600	State Line, Ky.		32	371
Birmingham, Ala.	1.2.3.4	128163	671	Hobbs Island, Ala.			600	Stevenson, Ala.		793	622
Birmingham, Ala.				Hobbs Island, Ala.			600	Summerfield, Tenn.			1875
Birmingham, Ala.				Hobbs Island, Ala.			600	Summitville, Tenn.		350	1114
Birmingham, Ala.				Hobbs Island, Ala.			600	Talley, Tenn.		25	805
Birmingham, Ala.				Hobbs Island, Ala.			600	Tenn. City, Tenn.		100	828
Birmingham, Ala.				Hobbs Island, Ala.			600	Tenn. City, Tenn.		124	338
Birmingham, Ala.				Hobbs Island, Ala.			600	Tenn. City, Tenn.		25	881
Birmingham, Ala.				Hobbs Island, Ala.			600	Tenn. City, Tenn.		93	652
Birmingham, Ala.				Hobbs Island, Ala.			600	Tenn. City, Tenn.			559
Birmingham, Ala.				Hobbs Island, Ala.			600	Tenn. City, Tenn.		15	502
Birmingham, Ala.				Hobbs Island, Ala.			600	Tenn. City, Tenn.		2000	1829
Birmingham, Ala.				Hobbs Island, Ala.			600	Tenn. City, Tenn.		4549	1067
Birmingham, Ala.				Hobbs Island, Ala.			600	Tenn. City, Tenn.		255	836
Birmingham, Ala.				Hobbs Island, Ala.			600	Tenn. City, Tenn.		15	485
Birmingham, Ala.				Hobbs Island, Ala.			600	Tenn. City, Tenn.			680
Birmingham, Ala.				Hobbs Island, Ala.			600	Tenn. City, Tenn.		7256	337
Birmingham, Ala.				Hobbs Island, Ala.			600	Tenn. City, Tenn.		82	415
Birmingham, Ala.				Hobbs Island, Ala.			600	Tenn. City, Tenn.		50	656
Birmingham, Ala.				Hobbs Island, Ala.			600	Tenn. City, Tenn.		300	677
Birmingham, Ala.				Hobbs Island, Ala.			600	Tenn. City, Tenn.		50	336
Birmingham, Ala.				Hobbs Island, Ala.			600	Tenn. City, Tenn.		200	931
Birmingham, Ala.				Hobbs Island, Ala.			600	Tenn. City, Tenn.		70	898
Birmingham, Ala.				Hobbs Island, Ala.			600	Tenn. City, Tenn.		100	407
Birmingham, Ala.				Hobbs Island, Ala.			600	Tenn. City, Tenn.		552	824
Birmingham, Ala.				Hobbs Island, Ala.			600	Tenn. City, Tenn.		21	831
Birmingham, Ala.				Hobbs Island, Ala.			600	Tenn. City, Tenn.			675
Birmingham, Ala.				Hobbs Island, Ala.			600	Tenn. City, Tenn.		1318	526
Birmingham, Ala.				Hobbs Island, Ala.			600	Tenn. City, Tenn.		150	432
Birmingham, Ala.				Hobbs Island, Ala.			600	Tenn. City, Tenn.		522	820
Birmingham, Ala.				Hobbs Island, Ala.			600	Tenn. City, Tenn.		500	872
Birmingham, Ala.				Hobbs Island, Ala.			600	Tenn. City, Tenn.		795	488
Birmingham, Ala.				Hobbs Island, Ala.			600	Tenn. City, Tenn.		150	527
Birmingham, Ala.				Hobbs Island, Ala.			600	Tenn. City, Tenn.		2500	658
Birmingham, Ala.				Hobbs Island, Ala.			600	Tenn. City, Tenn.		275	478
Birmingham, Ala.				Hobbs Island, Ala.			600	Tenn. City, Tenn.		2760	957
Birmingham, Ala.				Hobbs Island, Ala.			600	Tenn. City, Tenn.			625
Birmingham, Ala.				Hobbs Island, Ala.			600	Tenn. City, Tenn.		300	362
Birmingham, Ala.				Hobbs Island, Ala.			600	Tenn. City, Tenn.		200	481

†-No time table listing. ‡-Interline tickets on sale.



22
26
27

WE REGRET that the American Railroads do not always provide the accommodations and give the "on-time" performance to which you have been so long accustomed. While we know that, in a general way, you are familiar with the difficulties of handling war traffic, the following may be of interest:

One-half of all Pullman sleeping cars, and better than one-third of all coaches are continuously engaged in moving troops, and our armed forces have first call on all the rest.

Passenger traffic on the N. C. & St. L. Ry. is now approximately six hundred percent more than prevailed before Pearl Harbor.

Our dining cars are over-taxed, and essential materials cannot be spared for building new ones.

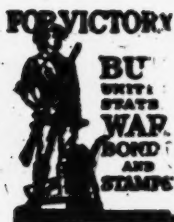
Frequently the movement of scheduled passenger trains must be subordinated to troop trains and to freight trains carrying munitions, war materials, gasoline and fuel oil.

Many experienced employees are serving with the armed forces. It is impossible quickly to train men to replace them, and to fill new positions created to handle increased traffic.

We are trying to do our part in successfully handling the biggest transportation job in the history of the world. We believe our friends will graciously accept the inconveniences caused by things beyond our control. After all, they are small compared with the sacrifices of our Soldiers, Sailors and Marines on the far-flung battle fronts in this war for freedom.



TO AND FROM
Dixieland



TENNESSEE CENTRAL RAILWAY CO.

Passenger Department

TARIFF CIRCULAR PD-281

Local Tariff

of

CHAIR-COACH SEAT FARES

Between

All Stations

Nashville-Harriman

Issued May 6, 1941

Effective May 15, 1941

Issued By

H. W. Stanley, Jr.—G. P. A.

Nashville, Tenn.

RULES AND REGULATIONS

(1) Individual chair seat fare authorized by this tariff applies for one way trip between any two stations between Nashville and Harriman, inclusive.

(2) All classes of tickets, also passes, will be honored in Chair Coaches upon payment of seat charge.

(3) Train Conductors will collect seat fare, issuing Chair Seat ticket Form CX, reporting sale thereof to Auditor on regular ticket report.

(4) Seat fare authorized will apply in Chair Coaches operated as regular equipment on regular trains, or on special trains if such cars are requested by passengers.

Chair Coach Fares

(5)

Seat

Charge for an individual chair seat between any two stations Nashville to Harriman, inclusive, will be twenty-four (24) cents.

Compartment

Charge for compartment A in Chair Coaches will be 72 cents (3 seat fares).

END

THE NASHVILLE, CHATTANOOGA & ST. LOUIS RY.

Passenger Traffic Department

LOCAL TARIFF

OF

CAFE-COACH SEAT

FARES

BETWEEN

MEMPHIS, TENN.

NASHVILLE, TENN.

AND

INTERMEDIATE POINTS

CIRCULAR R-5030

Issued July 18, 1934

Effective August 1, 1934

ISSUED BY:

J. F. GAFFNEY, JR.,

GENERAL PASSENGER AGENT,

UNION STATION, 1021 BROADWAY,

NASHVILLE, TENNESSEE

Jw

CAFE-COACH SEAT FARES

BETWEEN	Nashville	Dickson	Tennessee City	Waverly	Johnsonville	Camden	Bruceton	Wildersville	Lexington	Luray	Jackson	Denmark	Mercer	Whiteville	Somerville	Memphis
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Nashville.....	25	25	30	35	40	45	45	50	50	55	60	65	70	70	75	
Dickson.....	25	..	25	25	30	35	40	40	45	45	50	55	60	65	65	70
Tennessee City.....	25	25	..	25	25	30	35	35	40	40	45	50	55	60	60	70
Waverly.....	30	25	25	..	25	25	30	30	35	35	40	45	50	55	55	65
Johnsonville.....	35	30	25	25	..	25	25	25	30	30	35	40	45	50	55	65
Camden.....	40	35	30	25	25	..	25	25	25	30	30	35	40	45	50	60
Bruceton.....	45	40	35	30	25	25	..	25	25	25	30	35	35	40	50	60
Wildersville.....	45	40	35	30	25	25	25	..	25	25	25	30	30	40	45	55
Lexington.....	50	45	40	35	30	25	25	25	..	25	25	25	30	35	40	50
Luray.....	50	45	40	35	30	30	25	25	25	..	25	25	25	30	35	45
Jackson.....	55	50	45	40	35	30	30	25	25	25	..	25	25	25	30	40
Denmark.....	60	55	50	45	40	35	35	30	25	25	25	..	25	25	30	35
Mercer.....	65	60	55	50	45	40	35	30	30	25	25	25	..	25	25	35
Whiteville.....	70	65	60	55	50	45	40	40	35	30	25	25	25	..	25	30
Somerville.....	70	65	60	55	55	50	50	45	40	35	30	30	25	25	..	25
Memphis.....	75	70	70	65	65	60	60	55	50	45	40	35	35	30	25	..

INSTRUCTIONS**Seat Fares**

Seat fares will be collected by agents and conductors from all persons holding passage tickets or passes, as shown on page 2, and also as shown below.

(a) **From a point shown to a point not shown.** Seat fare from a point shown to a point not shown will be the same as fare to first point shown beyond destination in direction traveled.

(b) **From a point not shown to a point shown.** Seat fare from a point not shown to a point shown will be the same as fare from first point shown in opposite direction than that traveled from starting point to destination.

(c) **From a point not shown to a point not shown.** Seat fare from a point not shown to a point not shown will be the same as fare shown from first station in opposite direction than that traveled, to first point to which fare is shown beyond destination.

FARES FOR CHILDREN

No seat fare will be charged for a child under five (5) years of age if accompanied by an adult, but children must not be permitted to use the chairs when paying passengers desire them unless full seat fare is paid for them. Children over five (5) years of age must pay full seat fare.

SALE AND RESERVATION

Sale and reservation of Cafe-Coach seats must be governed by diagram. Agents having assignments will sell Cafe-Coach tickets Form Cafe-Coach-1, and make reservations for seats assigned them; will mark diagram accordingly, and will furnish it to conductor. In selling Cafe-Coach tickets, mark seat number on ticket and number of ticket on diagram opposite seat number. Be careful to issue Cafe-Coach ticket to station where passenger will leave Cafe-Coach (and not to a farther station), as it is necessary for proper record and to avoid misleading passenger to ride beyond destination/or junction. In reserving seats without sale of tickets, if on request from another station, write name of station opposite seat number on diagram, but if for passenger from your station write name of passenger, and when ticket is purchased, enter the number of ticket on diagram.

Agents not having assignments must not sell Cafe-Coach tickets unless they secure seats by letter or wire, and will then write number of seat on ticket, and in all other cases will advise passenger to apply on train for seats.

Conductors may sell any available assignment space in car, being careful to get diagram of unsold seats from stations having regular assignments before selling any such seats beyond such station.

Page 15-C

Conductors will see that Cafe-Coach passengers hold Cafe-Coach tickets or seat checks good as far as they ride in car, and if not so provided, will collect seat fare and issue Cafe-Coach-2 receipt to passenger for the amount, writing thereon seat number and indicating by punch stations from and to which issued; and the stations on the auditor's stub also. One check must not be issued for two seats nor any train fare. In absence of Cafe-Coach seat check, cash fare slip should be similarly issued, but must be endorsed "Cafe-Coach" on back.

Through Collection of cash seat fares and issue of Cafe-Coach receipt Form 2 will be made as far as passenger is going in Cafe-Coach.

Conductors will cancel Cafe-Coach ticket with punch; if within the run of conductor, will lift the same as if passage ticket. If a Cafe-Coach ticket is destined to a point beyond the run of conductor the passenger should retain same until called for by next succeeding conductor, who will handle it as passage ticket.

Conductors will see that passengers are provided with Cafe-Coach seat tickets, but will be careful not to permit passengers to ride beyond the destination of the seat ticket without further payment and the issuance of another check; and will be particular to take up all transportation and Cafe-Coach tickets before holders reach destination, and return them with diagram to Auditor of Receipts, Nashville, Tenn., with ticket collections.

The Diagram must be filled in showing the numbers of Cafe-Coach-1 sold by Ticket Agents, also Cafe-Coach-2 issued by Train Conductors.

END

EXCERPTS

FROM THE 1942 ANNUAL REPORT OF THE PRESIDENT OF THE SOUTHERN RAILWAY COMPANY TO THE STOCKHOLDERS,

Maintenance

The property, though phenomenally busy in 1942, was kept in good physical condition throughout the year. It was safely maintained despite shortages of labor and vital materials.

Maintenance of Equipment expenses, likewise on a higher labor and material basis than in the previous year (with accruals for Depreciation and Amortization of Defense Projects aggregating \$7,216,267), amounted to \$30,869,516, and increase of 26.34% over 1941. At the year's end, after 1,213 units of motive power had received classified repairs, as compared with 975 units in 1941, and after consistent efforts to maintain freight cars in serviceable condition had been followed throughout the year, the percentage of bad order engines to total ownership was only 7.41%, and of bad order freight cars only 1.74%, the lowest in the Company's half century of service.

Net Income

With a somewhat larger non-operating income than in 1941, and with smaller fixed charges, there was after charges a Net Income of \$33,388,868 for the year 1942. These earnings constituted an increase of \$14,018,974 over Net Income for 1941, and of \$9,792,146 over 1926, the previous high year since the Company's organization. Fixed charges were covered 3.13 times and, after deducting dividends on the preferred stock, earnings amounted to \$23.41 per share of common stock.

Dividends

Dividends of 5% on the Preferred Stock were declared out of 1942 earnings, paid and payable as follows: November 2, 1942, \$1.25 per share, and three payments of \$1.25 per share each on March 15, June 15, and September 15, 1943, the four dividends together requiring an aggregate payment from the treasury of \$3,000,000.

Out of the balance of 1942 earnings a dividend of \$2.00 per share was declared on February 23, 1943, on the 1,298,200 shares of the Common Stock of the Company without par value, payable April 1, 1943.

The dividends thus payable on the Preferred Stock and Common Stock will consume \$5,596,400 of the \$33,388,868 remaining after charges.

These were the first dividends on either class of stock since 1931.

EXCERPTS

FROM THE 1942 ANNUAL REPORT OF THE PRESIDENT OF THE LOUISVILLE AND NASHVILLE RAILROAD COMPANY TO THE STOCKHOLDERS.

Wartime conditions produced for the Company new records of traffic and gross earnings in 1942.

The expense of operation, while surpassing other years, did not increase proportionately with earnings, and the operating ratio—58.7% was lower than any theretofore recorded.

Passenger Revenue

The streamline coach trains, the Dixie Flagler and The South Wind, referred to in previous reports, continue popular. Their particular appeal to patrons is economy in travel costs, fast schedules, high type coach conveniences and provision for seat reservation.

Two seasonal trains, the Jacksonian and the Dixieland, each operated on every third-day departure between Chicago, Ill., and Miami, Fla., were placed in service December 17th and 18th, respectively, to handle traffic which cannot be satisfactorily accommodated on the year-round trains.

Competition

The shortage of rubber, rationing of gasoline, and the limited supply of new busses, trucks and automobiles, has caused some traffic to be diverted to the rails.

Roadway and Structures

Maintenance of Way and Structures, amounting to \$14,411,426, increased \$2,692,292, or 23%. This compares favorably with an increase of 18.7% in gross ton miles and 29.0% in passenger car miles. Roadway maintenance absorbed 8.5% of gross revenues.

Although difficulty was experienced in obtaining certain critical materials, and in maintaining a stabilized labor force, the general condition of the roadway property as a whole compares favorably with the previous year.

Equipment

Maintenance of Equipment, amounting to \$28,019,504, increased \$4,661,211, or 20%. This compares favorably with an increase of 18.4% in locomotive miles and 16.1% in car miles.

Notwithstanding intensive use, the equipment was currently maintained. At the end of the year, the number of freight cars awaiting repairs was 1.5% of ownership—the same as at the end of 1941. The number of locomotives awaiting classified repairs was reduced from 62 at the end of 1941 to 42 at the end of 1942, or from 6.9% to 4.5% of ownership.

The ratio of mechanical expenses to gross revenues—16.6%—was lower than any previous year.

EXCERPTS

**FROM THE 1942 ANNUAL REPORT OF THE PRESIDENT OF
THE ILLINOIS CENTRAL SYSTEM
TO THE STOCKHOLDERS**

Your Company applied for and has been authorized to amortize over a period of five years, the cost of fifty-one emergency facilities aggregating \$16,142,113.34. Of this amount \$2,957,391.47, applicable to the year 1942, was included in Operating Expenses and \$1,519,308.36, applicable to prior years, was charged to Delayed Income Debits.

Summary of Funded Debt Transactions During The Year

Your Company has been emphasizing debt reduction as an important part of its financial policy in this period of unusual earnings. During 1942 funded debt was reduced by the total amount of \$26,208,340. This sum is equivalent to 7.11 percent of debt outstanding at December 31, 1941. The Interstate Commerce Commission recently published figures on railroad debt reduction for 1942, compiled from the reports of 35 Class I carriers. This publication shows that the Illinois Central Railroad Company stands second highest in the dollar amount of debt retired and in third place in the percentage of debt retired as related to total debt outstanding December 31, 1941. (Details of this Company's debt reduction will be found on page 7).

EXCERPTS

**FROM THE 1942 ANNUAL REPORT OF THE PRESIDENT OF
THE NASHVILLE, CHATTANOOGA AND ST. LOUIS RAILWAY
TO THE STOCKHOLDERS.**

Most capital expenditures were made for rolling stock and roadway projects solely or primarily on account of the war. The Company, as others, is permitted to charge such expenditures to Operating Expenses over a period of five years at the rate of 20% per annum, instead of previous depreciation rates. Therefore, Operating Expenses for the year include amortization charges for Maintenance of Way \$57,889.55 and Maintenance of Equipment \$475,789.54.

The percentage of Operating Revenues, consumed by Operating Expenses, dropped from 71.8% in 1941 to 63.6% in 1942, notwithstanding the fact that payroll increases, effective September 1, 1941, approximated \$2,000,000.00 for the year.

The Net Corporate Income for 1942 was \$4,319,615.09, whereas in 1941 it was \$1,888,516.83, an increase of \$2,431,098.26, or 128.73%.

Gross Ton Miles, including cars, contents, cabooses and locomotives increased over 1941 by 34.88%, while Train Miles, including Freight, Passenger and Mixed, increased 21.40%. By reason of this abnormal use of track and rolling stock it was necessary to materially increase repairs in order to maintain the physical properties in normal and proper operating condition. Notwithstanding the difficulty of securing the necessary labor and materials this has been pretty well accomplished.

MAIN LINE passenger traffic showed a tremendous increase over such traffic in recent years. Passenger equipment, including dining cars, was taxed to capacity, and while the Company could not maintain its usual high standard of service, there was no failure to move the traffic with reasonable dispatch.

Further extensive work has been conducted in connection with the location of military projects. Other projects, in connection with which definite decisions have not been reached, are receiving attention. On the whole, it is quite clear that all N. C. & St. L. expenditures made because of war construction have been amply justified. In this respect it is not permissible to give details, interesting though they are.

COMPARISON

Expense of Maintenance of Way and Structures

Road	Year 1941	Year 1942	%1942 over 1941	9 months 1943	% 9 Mo. 1943 Over 1941	Over 1942
C. N. O. & T. P. Ry.	\$ 1,838,605	\$ 2,409,691	31.06	\$ 2,331,900	26.83	-----
Southern Ry.	13,985,805	19,662,842	40.59	18,396,974	31.54	-----
L. & N. R. R.	11,719,134	14,411,426	22.97	14,448,322	23.29	0.26
I. C. R. R.	13,641,562	25,161,844	84.45	23,955,079	75.60	-----
G. M. & O. R. R.	3,377,493	4,509,984	33.53	4,274,901	26.57	-----
Tenn. Central Ry.	512,939	845,804	64.89	705,526	37.55	-----
Clinchfield R. R.	559,696	665,992	18.99	855,046	52.77	28.39
N. C. & St. L. Ry.	1,951,830	2,954,754	51.38	3,723,771	90.78	26.03
	\$47,587,064	\$70,622,337	48.41	\$68,691,519	44.35	-----

AUTHORITY: Monthly report of Revenues and Expenses, filed with Interstate Commerce Commission.

COMPARISON

of

AMORTIZATION OF DEFENSE PROJECTS

Charged to expense of Operation

Road	1941	1942	9 mo. 1943
C. N. O. & T. P. Ry.	\$ 243,553.00	\$ 537,565.00	\$ 502,195.00
Southern Ry.	1,648,770.00	3,514,559.00	3,098,032.00
L. & N. R. R.	-----	3,299,738.00	3,303,012.00
I. C. R. R.	207,669.00	2,931,648.00	2,657,011.00
G. M. & O. R. R.	-----	314,652.00	477,490.00
Tenn. Central Ry.	-----	2,538.00	12,176.00
Clinchfield R. R.	-----	8,979.00	259,581.00
N. C. & St. L. Ry.	-----	533,679.00	689,606.00
Total	\$ 2,099,992.00	\$11,143,378.00	\$10,998,803.00

Expenses for rolling stock and roadway projects solely or primarily on account of war are charged to operating expenses over a period of five years at the rate of 20% per annum instead of previous depreciation rates.

AUTHORITY: Monthly Reports of Revenue and Expenses filed with Interstate Commerce Commission.

COMPARISON
of
Ratios of Expenses, Maintenance and Transportation
to
Revenues

Road	1941			1942			9 months 1943		
	Expenses	Mainte- nance	Trans- portation	Expenses	Mainte- nance	Trans- portation	Expenses	Mainte- nance	Trans- portation
C. N. O. & T. P.	57.8	29.0	34.2	53.1	26.0	23.0	52.5	26.1	22.4
Southern Ry.	63.3	27.5	31.1	55.6	24.7	26.8	52.5	24.3	24.4
L. & N. R. R.	65.3	29.3	31.2	58.7	25.1	29.2	55.9	24.3	27.5
I. C. R. R.	72.7	32.8	34.2	68.2	34.3	29.2	65.9	33.3	28.2
G. M. & O. R. R.	68.2	30.0	28.9	62.3	28.6	26.9	61.4	29.6	23.6
Teun. Central Ry.	74.4	33.4	33.8	74.7	36.1	32.5	66.4	32.5	28.1
Clinchfield R. R.	41.6	19.0	18.4	41.9	18.6	19.4	47.2	23.6	19.5
N. C. & St. L. Ry.	71.8	26.5	37.4	63.6	26.1	31.6	63.2	28.5	29.3

AUTHORITY: Monthly Reports of Revenues and Expenses filed with Interstate Commerce Commission.

**COMPARISON OF N. C. & ST. L. RY. PASSENGER REVENUE, AND
Ratios of Total Expenses to Total Revenues**

Year	Passenger Revenues	Ratio Total Expenses to Total Revenues	Year	Passenger Revenues	Ratio Total Expenses to Total Revenues
1909	\$ 2,476,679	----	1926	\$ 4,503,571	79.1
1910	2,568,305	----	1927	3,849,645	79.8
1911	2,827,755	----	1928	3,335,146	77.7
1912	2,946,753	----	1929	2,909,440	75.0
1913	3,101,779	----	1930	2,095,942	84.6
1914	3,071,445	----	1931	1,419,860	89.7
1915	2,517,075	----	1932	919,629	89.4
1916	2,876,076	----	1933	763,815	87.2
1917	3,558,400	----	1934	884,604	86.8
1918	5,978,979	----	1935	951,446	90.4
1919	5,381,541	----	1936	1,116,144	85.4
1920	4,725,018	----	1937	1,207,133	87.5
1921	5,115,363	93.7	1938	1,050,783	80.1
1922	4,678,038	85.9	1939	1,078,102	78.6
1923	5,060,565	86.3	1940	1,163,813	77.7
1924	4,815,185	82.5	1941	1,706,194	71.8
1925	4,834,798	79.9	1942	4,654,316	63.6
		9 Months	1943	6,447,849	63.2

Year	Passenger Revenues	Ratio	Distribution Revenues	
			Expenses	Net Ry. Oper. Income
1921	\$5,115,363	93.7	\$4,293,095	\$ 322,268
1929	2,909,440	75.0	2,182,080	727,360
1941	1,706,194	71.8	1,225,047	481,147
1942	4,654,316	63.6	2,960,145	1,694,171
1943	6,447,849	63.2	4,075,041	2,372,808
9 Months.				

AUTHORITY: Monthly Report of Revenues and Expenses, filed with I. C. C. Poor's Manual.

**COMPARISON OF
NET RAILWAY OPERATING INCOME**

Year	Tennessee Central Railway	N. C. & St. L. Railway	Southern Ry. Company
1920	\$.....	\$D 15,677	\$15,325,802
1921	D321,393	1,071,618	13,971,783
1922	99,868	3,094,209	20,472,778
1923	366,926	3,061,971	28,128,137
1924	429,184	3,433,767	30,442,720
1925	430,168	3,937,805	35,086,021
1926	328,903	4,018,155	35,528,783
1927	312,433	3,841,261	32,765,062
1928	392,711	4,232,896	30,842,555
1929	495,773	4,845,801	30,030,977
1930	408,560	2,112,288	19,708,163
1931	258,588	822,215	8,281,106
1932	211,984	715,254	4,406,269
1933	266,299	992,602	15,015,944
1934	335,407	953,544	12,665,358
1935	410,331	523,010	14,290,530
1936	471,851	1,382,842	19,298,273
1937	334,451	840,290	15,112,246
1938	243,256	1,481,936	14,343,565
1939	298,841	1,982,653	20,631,130
1940	310,615	2,069,426	21,457,294
1941	402,350	3,309,419	32,789,981
1942	489,323	5,702,913	46,265,818
9 months 1942	340,489	3,634,437	28,519,306
9 months 1943	661,980	3,644,072	27,333,107

D-Deficit.

AUTHORITY: Monthly Reports Revenues and Expenses filed with I. C. C.

**COMPARISON SHOWING
PERCENTAGE OF MILEAGE IN TENNESSEE**

Road	Total mileage	Tenn. mileage	Percent in Tenn.
C. N. O. & T. P. Ry.....	337.00	136.75	40.58
Southern Ry.....	6,514.00	650.71	9.99
L. & N. R. R.....	4,745.00	862.76	18.18
I. C. R. R.....	4,827.00	274.58	5.69
Tenn. Central Ry.....	192.51	192.51	100.00
N. C. & St. L. Ry.....	1,090.00	784.08	71.93

AUTHORITY: Returns made by carriers to Railroad and Public Utilities Commission of the State of Tennessee.

COMPARISON
of
PASSENGER TRAIN REVENUES AND EXPENSES
of the
THE NASHVILLE, CHATTANOOGA AND ST. LOUIS RAILWAY

	1941	1942
Revenues		
Passenger.....	\$ 1,706,194	\$ 4,654,316
Mail.....	710,843	764,463
Express.....	370,182	511,990
Miscellaneous.....	49,054	72,344
Total Train Service.....	2,836,273	6,003,105
Incidental.....	73,217	43,597
Total Passenger Service.....	2,909,490	6,046,702
Expenses		
Operating.....	3,282,897	4,236,580
Taxes.....	254,765	1,087,832
Operating Income.....	D 628,172	722,290
Rent Income		
Equipment.....	D 112,102	66,065
Joint Facility.....	55,182	52,857
Net Railway Operating Income.....	D 675,092	709,082

D-Deficit.

AUTHORITY: Hopkins Supplement to Exhibit No. 5, filed June 2, 1943, Tennessee Commission Docket No. 2535.

Total Railway Tax Accruals:

1941—\$1,885,540.

1942—\$5,047,943.

Percent of Increase—172.05

Railway Tax Accruals charged to Passenger

1941—\$254,765.

1942—\$1,087,832.

Percent of Increase—326.99

AUTHORITY: Monthly Report of Revenues Y Expenses filed with I. C. C.

PAGE No. 1

of

Louisville and Nashville Railroad Co.

November 14, 1943—Time Table

Who Has A Better Right To These Seats.

We are all agreed as to the answer. The plain facts are that if civilians occupy all the seats in the train, then our soldiers and sailors can't have them. Available equipment is over-crowded and no new equipment can be purchased at this time.

Many service men after going through rigorous training are given short leaves or furloughs, and naturally they want to arrive home relaxed and refreshed, to get the most out of their visit. They can't if they are forced to stand during all, or a part, of their journey.

We know you'll agree they should have first call on anything we can do for them:

They'll be grateful, therefore, if you will refrain from riding the trains unless your trip is essential.

**EXCERPTS FROM SOUTHERN PASSENGER ASSOCIATION
LOCAL AND JOINT PASSENGER TARIFF
TARIFF No. 1226**

Round-trip furlough coach-class excursion fares (also open gap furlough fares as authorized herein) (On exhibition of officially executed furlough, leave of absence or pass papers by furloughees in uniform).

Conditions of sale: (Round-Trip Tickets):

Round-trip coach-class excursion tickets may be sold at fares authorized in Rule 19 to the male and female personnel of the United States Army, Navy, Marine Corps and Coast Guard, when in uniform, for use only when traveling in uniform of the United States Army, Navy, Marine Corps or Coast Guard, at their own expense, when on official leave, furlough or pass, also for personnel of the military forces of the United Kingdom, of Great Britain and Northern Ireland, the Union of Soviet Socialist Republics, China, Australia, Belgium, Canada, Costa Rica, Czechoslovakia, Dominican Republic, El Salvador, Greece, Guatemala, Haiti, Honduras, India, Luxembourg, the Netherlands, New Zealand, Niagaragua, Norway, Panama, Poland, the Union of South Africa, Yugoslavia, Mexico, the Philippine Commonwealth, Brazil, and the Fighting French, traveling in uniform of the various branches of their military forces at their own expense when on official leave, furlough or pass; this includes Cadets, Midshipmen, and Nurses of all of the above mentioned service units. Upon request of ticket agent at time of purchase furloughee must exhibit to ticket agent officially executed furlough, leave of absence or other pass papers.

Tickets sold at fares authorized herein will not be honored on the following limited trains as indicated:

Illinois Central System.....Trains Nos. 52 and 53 (City of Miami)
Nos. 54 & 55 (Panama Limited).

Louis. & Nashville R. R.Trains Nos. 11 and 12 (Dixie Flagler).
Nos. 15 & 16 (South Wind).
Nos. 9 & 10 (The Florida Arrow).
Nos. 88 & 89 (The Dixiana).

N. C. & St. L. Ry.Trains Nos. 11 & 12 (Dixie Flagler).
Nos. 88 & 89 (The Dixiana).

Southern Railway.....Trains Nos. 47 & 48 (The Southerner).

For computing round-trip coach excursion fares on basis of twenty-five-thirty thirds (25/33) of the one-way first-class fares in effect on date of sale, adding sufficient where necessary to make round-trip fare end in "0" or "5."

(Authority: M. B. Duggan, Agent, I. C. C. No. H-4405.)

EXCURSION—(L. excursio (-Onis) a running out or forth, from excursus, pp. of excurrere, to run out; ex, out, and currere, to run.)

1. Progression beyond fixed limits; as the excursions of the seasons into the extremes of heat and cold.
2. Digression; a wandering from a subject or main design.
3. A jaunt or trip; specifically a short journey undertaken for a special purpose, as for pleasure, and with the intention of returning soon; as, an excursion on the lake or to a convention.
4. A company of people traveling together, as for a pleasure trip; an expedition; as, the excursion was late in arriving.
5. In mechanics, reciprocation; stroke.
6. In physics, the average oscillation or vibratory movement of a body, whether real, as that of the tongue of a reed, or apparent, as that of a planet.

AUTHORITY: Webster's Twentieth-Century Dictionary.

EXCERPT FROM

Order in Ex Parte No. 148,

**Decided Apr. 6, 1943, which was approved by
Commissioner Eastman in his concurring opinion**

Governmental authorities, particularly the Office of Defense Transportation, have urged the public not to travel except when the journey is related to the war effort or is for an essential purpose. A reduction in the standard passenger fares would tend to encourage travel which is unnecessary and unrelated to the prosecution of the war. With passenger facilities taxed to their capacity, any substantial increase in such unnecessary travel inevitably would hasten the rationing of passenger travel.

ASSOCIATION OF AMERICAN RAILROADS
BUREAU OF RAILWAY ECONOMICS
WASHINGTON, D. C.

AUGUST 1943

MO. REPT. SER. NO. 408

RAILWAY REVENUES AND EXPENSES

RAILWAYS OF CLASS I IN THE UNITED STATES
(Excluding Switching and Terminal Companies)

Account	For the month of August				For the 8 months ended August 31			
	1943	1942	Increase 1943 over 1942		1943	1942	Increase 1943 over 1942	
			Amount	Per cent			Amount	Per cent
Total operating revenues	4800 232 733	4683 806 778	4116 425 955	17.0	45 938 086 247	44 629 747 345	31 308 338 902	28.3
Freight	585 643 662	537 411 800	48 231 862	9.0	4 474 002 740	3 743 659 405	730 343 335	19.5
Passenger	161 971 338	103 463 192	58 508 146	56.5	1 067 786 516	587 681 025	480 105 491	81.7
Mail	9 945 049	8 742 476	1 222 573	14.0	78 325 653	69 897 852	8 427 801	12.2
Express	10 421 341	7 684 026	2 737 315	35.6	82 474 932	55 159 898	27 315 034	49.5
All other	32 231 343	26 505 284	5 726 059	21.6	235 486 406	173 349 145	62 077 261	35.8
Total operating expenses	447 287 517	399 292 303	67 995 214	17.0	3 564 504 912	2 947 031 692	617 473 221	21.0
Maint. of way & structure	96 883 797	77 248 454	19 635 343	25.4	679 500 346	500 722 600	178 777 746	35.7
Maint. of equipment & traffic	117 100 858	102 782 140	14 318 718	13.9	908 951 360	785 981 981	122 969 379	15.6
Transportation	10 356 168	9 529 713	826 455	8.7	82 466 144	77 485 736	4 980 408	6.4
General	219 299 873	189 828 909	29 470 964	15.5	1 708 977 181	1 434 534 054	274 443 127	19.1
All other	14 550 967	12 936 684	1 614 283	12.5	116 779 916	103 293 386	13 486 530	13.1
Net operating revenues	332 945 216	284 514 475	48 430 741	17.0	2 373 581 335	1 682 715 654	690 865 681	41.1
Taxes	191 720 660	132 228 756	59 491 904	45.0	1 296 615 752	745 726 990	550 888 762	73.9
Payroll taxes	17 477 520	14 880 657	2 596 863	17.4	132 052 731	110 618 428	21 434 303	19.4
Federal income taxes	147 336 395	94 422 476	52 913 719	56.0	951 156 225	460 902 123	490 254 102	106.2
All other taxes	26 906 945	22 917 621	3 989 324	17.4	205 406 796	174 206 439	31 200 357	17.9
Operating income	141 224 556	152 285 719	4 11 061 163	4 7.3	1 076 965 583	936 988 664	139 976 919	14.9
Equipment rents	Dr 13 079 666	Dr 12 955 925	4 123 741	4 1.0	Dr 101 546 075	Dr 90 567 888	4 10 978 187	4 12.1
Joint facility rents	Dr 3 583 400	Dr 3 400 852	4 182 548	4 5.4	Dr 27 315 814	Dr 25 182 768	4 2 133 046	4 8.5
Net railway operating income	124 561 490	135 928 942	4 11 367 452	4 8.4	948 083 694	821 238 008	126 845 686	15.4
Operating ratio - per cent	58.39	58.39			60.03	63.45		
Average mileage represented	229 300	230 805	4 1 505	4 0.7	229 321	231 225	4 1 904	4 0.8
Amount of depreciation included in maintenance of way and structures and equipment expenses	846 498 548	822 865 506			8210 521 729	8160 457 537		

d Decrease.

RATE OF RETURN ON PROPERTY INVESTMENT 12 months ended August 31

District	Net Railway Operating Income		Rate of Return	
	1943	1942	1943	1942
Eastern District (Incl. Potomac Region)	8655 598 545	8506 988 560	5.33%	4.12%
Southern District (Incl. Potomac Region)	231 408 770	171 408 709	7.07	5.38
Western District	725 240 806	489 512 049	6.57	4.51
United States	1 612 248 121	1 167 909 318	6.06	4.43

Note: "Rate of Return" is computed on the property investment of the carriers as shown by their books, including material and supplies and cash, as of January 1, 1943 and 1942, respectively.

REVENUES, EXPENSES, AND NET RAILROAD OPERATING INCOME
Eight months ended August, 1943 and 1942

Region and Road	Average Miles of Road Operated 1943	Freight Revenue (Accts. 101 & 121)		Passenger Revenue (Accts. 102 & 122)		Total Operating Revenues		Total Operating Expenses		Net Railway Operating Income	
		1943	1942	1943	1942	1943	1942	1943	1942	1943	1942
NEW ENGLAND REGION											
Great Eastern Region	6 600	8130 036 906	8121 323 099	865 523 516	845 510 799	8212 095 800	8180 817 611	8135 099 748	8134 753 887	817 592 214	812 731 541
Central Eastern Region	25 701	764 125 461	652 429 843	141 065 477	89 972 130	974 285 417	795 732 229	609 430 557	531 728 506	136 844 812	116 154 820
TOTAL EASTERN DISTRICT	31 301	8894 162 367	4646 752 942	1006 588 993	735 482 929	9714 380 217	8976 549 840	8744 530 305	8666 482 393	954 431 428	928 886 361
POCONO REGION											
Pocono Region	6 021	213 999 185	245 400 482	54 121 643	17 124 741	268 120 828	241 101 630	146 601 544	129 193 583	47 916 312	40 899 796
Southern Region	11 426	622 181 573	519 675 419	182 978 279	95 296 809	805 158 499	636 453 759	485 281 524	395 184 047	141 081 082	124 426 713
Northwestern Region	43 444	414 513 151	405 998 797	71 388 225	15 352 105	586 253 875	481 276 524	345 787 507	313 199 806	122 755 405	87 560 121
Central Western Region	55 124	559 509 717	741 963 503	252 656 047	116 601 109	1 308 516 372	923 122 721	944 888 126	576 255 863	204 248 923	173 747 071
Southeastern Region	28 779	617 871 896	118 297 121	90 135 517	41 065 111	541 051 174	181 081 170	302 005 800	229 776 171	95 941 009	91 246 000
TOTAL WESTERN DISTRICT	129 347	1 851 896 764	1 466 260 081	414 462 680	191 208 525	2 246 581 621	1 787 480 615	1 412 681 433	1 121 231 846	422 945 117	352 875 771
GRAND TOTAL - UNITED STATES	229 327	4 496 008 140	3 743 659 405	1 067 765 516	507 681 025	5 563 886 241	4 629 747 345	3 564 924 917	2 947 031 691	968 083 694	611 230 210
NEW ENGLAND REGION											
Amherst & Amherst	4 602	4 157 003	3 910 766	638 296	159 124	5 217 627	4 467 339	3 504 100	3 010 706	1 030 632	808 640
Amherst & Maine	1 823	39 547 271	34 609 011	13 158 955	9 192 718	57 812 841	50 267 711	39 503 694	32 280 881	8 995 293	8 994 711
Canadian Nat. Lines in New Eng.	1 772	407 700	1 364 400	69 100	42 500	1 165 700	1 527 500	1 553 755	1 459 186	Def 836 044	Def 541 211
Canadian Pacific (Lines in N.E.)	234	3 632 903	2 759 822	509 554	428 291	4 106 150	3 137 275	2 381 123	2 003 819	1 497 340	1 086 111
Canadian Pacific (Lines in N.W.)	90	678 914	784 324	108 596	87 180	895 700	947 946	1 220 895	1 094 366	Def 131 118	Def 409 111
Central Vermont	422	5 015 037	4 544 478	694 000	487 000	6 125 012	5 351 018	4 464 243	3 825 465	943 794	516 541
Maine Central	991	9 169 817	9 209 170	2 396 813	1 466 627	12 452 868	11 462 868	8 476 784	8 469 618	1 925 927	1 988 241
New York Connecting	21	1 635 708	1 846 801			1 801 520	1 958 331	1 975 159	1 907 018	929 511	1 241 711
New York, New Haven & Hartford	1 818	63 073 020	58 293 341	47 491 878	33 148 108	110 564 998	98 747 771	70 271 386	59 803 018	23 840 711	18 499 111
Railroad	407	2 607 506	2 003 286	478 344	125 051	3 010 312	2 810 146	2 696 067	2 299 688	160 000	187 111
GRAND TOTAL - NEW ENGLAND REGION	794	3 785 586	3 282 178	80 218	30 106	3 978 333	3 432 446	2 804 222	2 592 945	569 659	319 111
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REVENUES, EXPENSES, AND NET RAILWAY OPERATING INCOME
Eight months ended August, 1943 and 1942

Region and Road	Average Miles of Road Operated 1943	Freight Revenue (Accts. 101 & 121)		Passenger Revenue (Accts. 102 & 122)		Total Operating Revenues		Total Operating Expenses		Net Railway Operating Income	
		1943	1942	1943	1942	1943	1942	1943	1942	1943	1942
SOUTHERN REGION:											
Alabama Great Southern	313	\$11,352,767	\$9,929,772	\$3,094,845	\$3,720,984	\$15,369,449	\$12,214,099	\$7,820,954	\$6,303,952	\$8,119,417	\$6,126,065
Alabama 2 Coast Point	93	2,138,123	1,602,030	1,067,801	588,762	3,533,261	2,418,492	1,906,083	1,469,256	1,155,719	366,374
Atlanta, Birmingham & Coast	639	4,280,119	3,227,447	449,364	269,985	3,698,653	3,696,487	3,255,807	2,786,820	3,455,827	2,346,931
Atlantic Coast Line	4,970	71,166,255	51,217,182	26,267,870	14,901,175	105,090,226	70,135,196	53,718,479	40,867,197	12,297,108	13,788,571
Central of Georgia	1,816	17,720,106	13,829,174	5,151,970	2,434,510	24,331,290	17,849,257	16,194,827	12,268,439	4,288,718	4,214,232
Charleston & Western Carolina	343	2,645,421	2,464,479	79,282	2,280,444	24,235,579	19,192,031	12,627,516	10,963,888	4,145,893	3,346,599
Cis. Bay Orleans & Ten. Pac.	337	18,913,797	16,108,973	4,212,322	48,651	6,473,376	8,093,141	4,022,279	3,471,873	7,047,828	3,806,173
Cincinnati R.R.	303	8,481,225	7,794,920	60,987	21,078	935,261	859,508	816,420	745,954	30,457	30,318
Columbus & Greenville	148	809,237	779,699	9,664,152	4,134,492	22,921,400	10,493,906	10,769,895	7,308,183	7,018,276	4,262,411
Florida East Coast	139	5,774,414	4,623,080	1,301,816	748,859	7,218,594	5,640,542	4,022,542	3,226,079	2,804,138	2,149,066
Georgia R.R.	408	1,775,169	1,136,053	42,957	29,452	1,359,160	1,203,191	1,048,600	966,424	177,562	97,843
Georgia, Southern & Florida	397	2,872,692	2,064,983	1,814,080	799,038	5,074,522	3,080,633	2,516,868	1,890,498	817,028	496,134
Gulf & Ship Island	259	1,175,084	1,233,441	1,555,195	162,251	1,687,489	1,513,534	1,599,673	1,081,513	195,840	172,494
Gulf Mobile & Ohio	1,772	21,912,054	19,158,176	1,816,280	672,522	24,521,157	20,512,954	17,621,562	12,887,224	1,350,121	1,364,415
Illinois Central (Incl. TAMU)	4,151	131,435,444	113,090,801	24,253,803	17,313,197	165,032,542	133,197,648	107,431,561	96,559,529	26,195,548	23,554,137
Indianapolis & Nashville	4,745	100,871,054	87,114,473	30,121,330	18,970,435	138,266,453	105,427,895	84,030,833	76,813,275	17,616,765	18,131,974
Memphis & Nashville	1,358	1,088,748	943,199	46,240	27,424	1,156,464	982,605	724,242	636,166	200,458	232,365
Memphis, Chattanooga & St. Louis	1,090	19,907,829	13,998,973	5,660,921	2,314,592	17,649,937	17,649,937	17,045,732	12,341,271	3,424,462	2,887,784
New Orleans & Northwestern	714	7,080,981	4,704,282	230,420	138,169	5,210,988	5,087,703	3,934,044	3,334,157	708,510	665,785
North Carolina	4,180	60,311,737	47,683,943	26,496,738	15,990,007	92,226,017	67,507,291	50,544,479	41,305,140	21,778,214	19,384,073
Seaboard Air Line	6,534	114,413,135	99,201,135	36,138,070	20,186,070	161,932,918	126,617,425	85,033,009	73,907,098	23,714,830	23,944,991
Southern Ry.	286	2,553,507	2,246,773	377,088	86,267	3,057,751	2,587,204	2,131,825	1,980,752	6,506,430	895,766
Tennessee Central	131	2,160,622	1,814,547	1,131,649	598,115	3,254,646	2,822,241	2,910,027	1,578,161	4,064,608	512,335
Western Ry. of Alabama											
MIDDLE REGION:											
Chicago & North Western	8,100	75,204,008	67,137,408	21,710,478	12,241,542	106,794,546	83,100,540	66,796,414	61,288,681	22,336,374	14,604,170
Chicago Great Western	1,500	16,555,134	14,141,181	1,807,308	861,449	19,795,554	16,028,394	12,142,575	10,603,821	2,436,158	1,679,056
Chicago, Milwaukee, St. Paul & Pac.	10,771	111,906,739	91,594,565	19,786,277	9,621,471	144,249,041	113,420,336	86,581,288	75,262,355	36,544,732	19,146,584
Chicago, St. Paul, Minneapolis & Omaha	1,623	13,643,501	12,130,035	2,603,774	1,571,550	17,448,438	14,773,390	12,525,617	11,445,100	3,077,712	1,620,435
Great Lakes & Iron Range	546	21,851,974	21,947,287	3,131,111	15,358	29,184,705	27,904,496	13,499,456	9,825,996	5,234,774	4,250,770
Great Northern	3,511	2,176,186	2,423,792	215,833	105,215	2,795,647	2,702,461	1,959,206	1,968,392	641,008	539,808
Great Northern & Atlantic	1,175	1,670,000	1,371,700	30,600	9,600	1,731,400	1,408,800	1,251,209	1,044,182	173,112	94,119
Great Northern & Pacific	4,152	103,847,645	86,104,633	11,207,521	4,204,096	124,933,446	98,519,200	76,496,563	59,754,347	19,025,411	20,169,734
Great Northern & Western	234	1,790,144	1,448,135	4,745	2,900	1,854,661	1,496,162	1,131,292	1,034,411	455,648	324,943
Great Northern & Yellowstone	136	1,560,775	1,312,419	1,492	513	2,040,157	2,253,357	1,062,028	1,069,718	511,881	559,460
Great Northern & St. Louis	1,418	8,778,502	7,546,300	262,687	181,126	9,384,317	8,487,486	6,887,921	6,074,214	3,176,379	1,651,885
Great Northern, St. Paul & N. W. Minn.	4,277	26,219,355	23,303,155	1,811,601	908,854	30,286,134	26,520,258	21,522,882	19,652,534	5,500,334	3,911,340
Great Northern Pacific	6,868	74,346,132	60,538,222	10,438,974	4,786,716	92,407,725	70,699,801	57,682,716	49,422,690	20,317,575	14,768,088
Great Northern International	152	1,230,814	963,409	59,122	12,476	1,354,053	937,181	710,550	519,852	210,508	221,813
Great Northern, Portland & Seattle Rys.	927	13,112,897	10,204,163	1,129,485	428,809	15,641,863	11,944,136	7,938,110	6,236,291	4,182,900	3,961,217
WESTERN REGION:											
Alto R.R.	979	16,985,105	14,179,432	5,510,275	3,363,237	34,944,076	19,352,673	14,441,498	12,640,837	2,910,171	2,774,483
California, Oregon & Santa Fe Sys.	13,153	216,991,594	178,379,640	64,930,527	28,144,459	304,121,544	220,410,892	157,952,440	126,604,221	41,384,352	44,061,972
Chicago, Burlington & Quincy	9,032	107,792,284	79,642,484	19,860,706	10,717,980	137,502,133	99,106,546	75,148,881	62,082,570	31,372,420	17,805,329
Chicago, Rock Island & Pacific	7,759	84,314,961	63,649,011	25,940,940	13,201,959	119,005,444	82,469,445	66,350,467	51,522,985	29,844,912	21,270,276
Colorado & Southern	748	6,112,144	4,316,081	2,115,874	1,016,088	8,228,125	6,332,545	5,510,230	6,115,635	2,054,166	1,522,525
Colorado & Wyoming	42	743,163	745,345	6,494,834	2,444,288	7,238,047	31,261,119	25,828,484	19,480,443	11,996,145	9,545,937
Denver & Rio Grande Western	2,405	38,173,347	27,423,200	5,090	45,090	2,035,322	1,468,207	1,470,488	1,255,637	618,189	405,637
Denver & Salt Lake	232	1,867,490	1,548,049	3,210,486	1,460,231	9,900,452	6,512,919	4,914,602	3,761,394	2,598,900	2,060,632
Fort Worth & Denver City	804	5,908,615	4,241,961	5,412	6,246	434,037	470,892	219,615	242,868	91,942	101,574
Great Northern	166	1,871,042	1,312,419	1,104,476	82,417	4,148,017	3,039,136	2,954,495	2,417,303	753,516	284,879
Great Northern Pacific	13,463	284,081,209	226,387,949	79,845,689	38,429,019	393,933,180	284,288,649	226,812,702	172,174,814	60,829,875	54,714,725
Great Northern, St. Paul & N. W. Minn.	4,277	26,219,355	23,303,155	1,811,601	908,854	30,286,134	26,520,258	21,522,882	19,652,534	5,500,334	3,911,340
Great Northern Pacific	6,868	74,346,132	60,538,222	10,438,974	4,786,716	92,407,725	70,699,801	57,682,716	49,422,690	20,317,575	14,768,088
Great Northern International	152	1,230,814	963,409	59,122	12,476	1,354,053	937,181	710,550	519,852	210,508	221,813
Great Northern, Portland & Seattle Rys.	927	13,112,897	10,204,163	1,129,485	428,809	15,641,863	11,944,136	7,938,110	6,236,291	4,182,900	3,961,217
WESTERN REGION:											
Burlington-Rock Island	228	1,321,148	745,182	539,144	280,799	1,974,605	1,099,052	1,241,483	844,433	418,239	88,467
Half-Century Line	144	5,675,604	4,205,807	556,290	251,672	6,564,420	4,653,915	3,411,945	2,154,961	796,841	1,233,766
Denver, North Platte & Western	191	5,166,191	3,642,049	446,094	130,085	5,957,960	4,046,118	2,317,931	1,729,370	1,290,444	2,186,923
St. Louis, Brownsville & Mexico	406	9,647,723	7,034,947	1,003,527	381,140	11,085,402	7,749,557	5,036,051	4,110,751	1,927,145	2,285,515
San Antonio, Mexico & Gulf	117	1,317,804	977,542	121,595	81,175	1,712,754	1,170,240	1,074,242	774,242	274,242	222,242
International-Great Northern	1,135	14,802,562	10,341,427	1,660,637	1,469,055	19,464,356	12,974,728	11,800,344	9,012,637	2,828,269	2,661,424
Kansas City Southern	878	12,956,774	18,336,992	2,925,676	1,392,494	28,551,493	21,068,143	16,312,111	11,821,170	3,188,428	4,342,444
Kansas, Oklahoma & Gulf	128	2,627,894	1,894,407	10,710	5,571	2,665,694	1,921,021	1,389,099	929,971	559,273	444,740
Kansas & Arkansas	854	11,590,147	8,423,297	1,027,957	563,776	13,095,926	9,348,561	7,991,451	5,515,215	1,488,836	1,632,046
Midland Valley	153	1,192,087	810,561	1,812	66	1,231,280	948,867	707,729	587,011	271,784	175,227
Missouri & Arkansas	145	1,347,045	918,013	39,084	16,574	1,436,477	1,054,550	1,252,172	908,004	19,515	47,009
Missouri-Kansas-Texas Line	3,737	37,005,008	26,992,826	8,884,652	4,471,960	49,514,511	35,924,851	36,444,082	23,602,944	4,701,704	5,488,611
Missouri Pacific	7,097	114,812,144	89,444,000	22,950,222	10,314,614	147,234,976	107,158,092	79,362,424	63,188,569	27,613,004	31,010,914
Missouri Pacific	1,132	981,807	800,402	1,463	2	1,002,213	811,582	455,001	354,161	208,991	204,505
St. Louis-San Francisco Rys.	4,827	52,185,729	42,415,766	18,312,092	7,092,224	72,480,345	53,216,564	44,150,117	35,727,216	14,027,457	11,745,266
St. Louis Southern Lines	1,615	18,300,349	27,644,744	2,512,179	1,395,170	41,819,441	29,635,303	18,440,495	13,284,384	7,168,168	5,990,474
Texas & Pacific	1,893	28,542,584	22,414,189	13,349,992	5,757,516	45,806,972	30,627,210	26,261,089	18,514,768	6,145,482	6,611,648
Texas Eastern	162	1,308,875	975,088	7,809	3,117	1,395,905	1,143,715				

OPERATING INCOME ACCOUNT - UNITED STATES - EIGHT MONTHS ENDED AUGUST, 1938 TO 1943
Railways of Class I (Including Switching and Terminal Companies)

Account	1943	1942	1941	1940	1939	1938
Total operating revenue	\$5 938 086 247	\$4 629 747 345	\$3 403 544 130	\$2 744 138 975	\$2 480 961 970	\$2 250 992 184
Freight	4 474 002 740	3 743 659 405	2 821 742 032	2 249 483 653	1 994 886 311	1 787 444 058
Passenger	667 786 516	587 681 025	334 547 925	275 625 317	279 298 133	271 556 581
Mail	78 395 653	69 897 852	68 878 927	64 580 944	63 442 317	61 485 539
Express	82 494 932	55 159 898	37 724 237	34 207 870	34 678 062	28 985 865
All other	235 426 406	173 349 165	140 651 009	120 261 191	108 657 147	101 520 141
Total operating expenses	3 564 504 912	2 947 031 691	2 302 227 120	2 027 486 510	1 890 327 881	1 783 333 872
Maint. of way & struct.	679 500 346	500 722 600	374 604 734	328 169 982	306 362 282	272 293 815
Maint. of equipment	908 951 360	785 981 981	628 226 076	537 031 490	490 458 387	440 481 927
Traffic	82 446 144	77 485 726	73 238 894	72 127 363	70 773 054	68 562 734
Transportation	1 708 997 181	1 434 534 054	1 110 010 707	979 738 638	914 930 649	893 177 997
General	114 779 916	103 293 386	88 733 119	87 367 543	85 438 774	85 676 431
All other	67 809 965	45 013 944	27 413 590	23 061 494	22 384 735	23 040 568
Net operating revenue	2 373 581 335	1 682 715 654	1 101 317 010	716 652 465	590 634 089	467 658 312
Taxes	1 296 615 752	745 726 970	361 228 044	260 245 237	233 340 428	226 096 314
Operating income	1 076 965 583	936 988 684	740 088 966	456 407 228	357 293 661	241 561 998
Equipment rents	Dr 101 546 075	Dr 90 567 888	Dr 66 383 272	Dr 64 462 280	Dr 64 395 690	Dr 63 002 834
Joint facility rents	Dr 27 315 814	Dr 25 182 768	Dr 22 090 296	Dr 22 146 492	Dr 23 710 785	Dr 23 520 618
Net railway operating income	948 083 694	821 238 008	651 615 398	369 778 456	269 187 186	155 038 546
Operating ratio - per cent	60.03	63.65	67.64	73.88	76.19	79.22
Average mileage represented	229 321	231 225	232 278	232 918	233 552	234 627

TOTAL OPERATING REVENUES, EXPENSES, AND NET RAILWAY OPERATING INCOME - UNITED STATES
BY MONTHS, 1938 TO 1943
Railways of Class I (Including Switching and Terminal Companies)

Month	1943	1942	1941	1940	1939	1938
TOTAL OPERATING REVENUES						
January	\$671 334 151	\$480 688 115	\$377 374 190	\$345 639 123	\$305 778 767	\$279 108 385
February	663 533 786	462 482 830	358 413 499	313 594 852	276 904 334	251 037 015
March	756 250 563	540 300 226	416 319 161	327 131 789	315 091 017	283 017 974
April	748 797 981	572 530 415	375 008 368	321 567 097	282 117 754	268 213 597
May	759 330 727	608 063 798	442 285 876	343 494 649	302 617 948	272 609 400
June	747 364 547	623 687 416	455 022 722	344 952 789	321 636 735	282 080 672
July	791 195 970	645 181 540	485 446 306	366 220 237	332 435 852	299 589 726
August	800 232 733	683 806 778	493 674 008	381 538 438	344 399 562	315 335 418
September		677 792 146	488 978 901	382 714 515	381 117 880	322 542 835
October		745 584 165	517 604 960	413 712 272	419 717 399	353 384 223
November		690 108 128	457 011 853	375 498 853	368 026 739	319 629 288
December		702 995 272	479 540 154	381 936 980	345 180 252	318 281 016
Total - Calendar year		7 466 227 054	5 346 699 997	4 296 600 653	3 995 004 251	3 565 490 753
TOTAL OPERATING EXPENSES						
January	\$424 201 292	\$348 738 936	\$268 971 743	\$257 195 976	\$232 946 449	\$232 565 354
February	408 459 307	327 603 933	255 590 196	240 579 920	220 619 333	215 353 899
March	449 440 079	360 152 483	283 328 538	248 634 646	229 004 115	229 004 115
April	442 148 617	366 755 740	274 938 371	245 877 517	227 622 288	219 484 312
May	454 361 705	375 447 890	296 590 475	252 854 916	237 411 054	217 054 008
June	451 945 537	378 472 016	298 932 432	252 507 423	241 785 698	218 132 406
July	466 657 986	390 476 947	310 034 946	262 064 921	241 962 092	222 166 822
August	467 287 517	399 292 303	313 843 279	267 571 191	247 681 627	229 578 952
September		399 775 707	312 288 197	260 239 661	251 166 939	231 982 740
October		416 430 354	361 513 715	276 780 299	271 538 049	242 354 484
November		406 389 194	335 614 115	259 517 849	256 170 301	231 283 926
December		431 873 000	352 589 088	266 148 818	249 006 533	232 619 459
Total - Calendar year		4 601 429 943	3 664 212 230	3 089 417 209	2 918 209 706	2 722 199 007
NET RAILWAY OPERATING INCOME						
January	\$105 296 534	\$66 850 765	\$62 017 440	\$84 012 810	\$82 947 172	\$7 144 036
February	106 132 776	58 145 273	58 135 957	32 856 489	18 637 706	Def 1 909 133
March	129 647 038	90 971 693	80 170 452	37 034 270	34 375 047	14 728 275
April	127 059 362	101 596 294	52 074 739	34 170 523	15 323 766	9 397 133
May	128 169 020	109 667 562	88 104 433	47 408 236	25 172 741	16 665 684
June	109 655 123	118 737 993	93 316 121	48 090 785	39 166 788	25 159 521
July	120 611 205	133 625 235	106 381 904	57 725 166	48 996 611	38 431 251
August	124 561 490	135 988 942	111 611 489	66 530 180	54 567 356	45 421 781
September		154 631 717	104 358 836	74 715 435	86 529 622	50 406 298
October		184 680 008	94 067 046	87 638 354	101 716 356	68 594 769
November		148 948 998	68 933 019	71 560 226	70 434 617	49 692 171
December		170 850 986	79 332 410	78 850 744	60 981 295	49 418 855
Total - Calendar year		1 480 940 760	998 255 787	682 133 478	588 829 083	372 873 771

* Total - Calendar year based on annual reports, for years 1938 to 1941 and revised monthly reports for 1942, and do not always agree with the sum of the monthly totals.

Witness--Hendley.

DECEMBER 1941

COMMISSION OF AMERICAN RAILROADS
BUREAU OF RAILWAY ECONOMICS
WASHINGTON, D. C.

NO. REPT. SER. NO. 388

RAILWAY REVENUES AND EXPENSES

RAILWAYS OF CLASS I IN THE UNITED STATES
(Excluding Switching and Terminal Companies)

Account	For the month of December				For the 12 months ended December 31			
	1941	1940	Increase 1941 over 1940		1941	1940	Increase 1941 over 1940	
			Amount	Per cent			Amount	Per cent
Operating revenues	\$479 560 154	\$381 936 980	\$97 623 174	25.6	\$5 346 699 998	\$4 298 001 598	\$1 048 698 400	24.4
Freight	389 222 726	308 379 952	80 842 774	26.2	4 447 568 333	3 537 440 970	910 127 363	25.7
Passenger	53 868 286	40 840 486	13 027 800	31.9	514 687 031	417 268 962	97 418 069	23.3
Mail	12 179 894	11 303 789	876 105	7.8	108 192 446	101 086 894	7 105 552	7.0
Express	5 775 901	5 880 319	4 104 418	4 1.8	57 281 554	55 642 988	1 638 566	2.9
All other	18 513 347	15 512 434	2 980 913	19.2	218 970 634	186 561 784	32 408 850	17.4
Operating expenses	352 531 871	266 148 818	86 383 053	32.5	3 664 175 018	3 090 173 137	574 001 881	18.6
Maint. of way & struct.	55 884 767	36 429 969	19 454 798	53.4	603 110 965	497 167 786	105 943 179	21.3
Maint. of equipment &	93 443 818	70 556 099	22 887 719	32.4	992 511 463	819 103 106	173 408 357	21.2
Traffic	9 804 819	9 151 535	653 304	7.1	111 888 491	107 593 047	4 295 444	4.0
Transportation	176 237 185	136 017 596	40 219 589	29.6	1 774 977 015	1 501 392 805	273 584 210	18.2
General	12 640 223	10 853 320	1 806 903	16.6	138 214 336	130 498 100	7 716 236	5.9
All other	4 501 039	3 140 299	1 360 740	43.3	43 472 748	34 418 293	9 054 455	26.3
Operating revenue	127 028 283	115 788 162	11 240 121	9.7	1 682 524 980	1 207 828 461	474 696 519	39.3
Taxes	33 604 349	26 808 850	6 795 499	25.4	546 071 058	396 623 016	149 448 042	37.7
Payroll taxes	13 594 175	9 937 262	3 656 913	36.8	138 029 553	116 376 222	21 653 331	18.6
All other taxes	20 012 194	16 871 588	3 140 606	18.6	408 041 505	280 246 794	127 794 711	45.6
Operating income	93 421 914	88 979 312	4 442 602	5.0	1 136 453 922	811 205 445	325 248 477	40.1
Equipment rents	Dr 8 902 561	Dr 7 562 948	4 1 339 613	4 17.7	Dr 102 176 729	Dr 95 735 682	4 6 441 047	4 6.7
Joint facility rents	Dr 970 746	Dr 2 565 620	4 1 405 126	4 54.8	Dr 34 774 281	Dr 32 926 545	4 1 847 736	4 5.6
Railway operating income	80 548 607	78 850 744	1 697 863	2.2	999 502 906	682 543 218	316 959 688	46.4
Operating ratio - per cent	73.51	69.68			68.53	71.90		
Average mileage represented	231 913	232 492	4 579	4 0.2	232 192	232 824	4 632	4 0.3
Amount of depreciation included in maintenance of way and structures and equipment expenses	\$24 698 685	\$17 542 945			\$223 110 817	\$205 893 175		

d Decrease.

RATE OF RETURN ON PROPERTY INVESTMENT

Period and District	Net Railway Operating Income		Rate of Return	
	1941	1940	1941	1940
12 MONTHS ENDED DECEMBER 31:				
Eastern District (Incl. Possibilities Region)	\$489 852 007	\$376 023 679	3.98%	3.10%
Southern District (Incl. Possibilities Region)	138 673 395	81 939 907	4.35	2.57
Western District	370 977 504	284 579 632	2.41	2.08
United States	999 502 906	682 543 218	3.79	2.61

Note: "Rate of Return" is computed on the property investment of the carriers as shown by their books, including material and supplies and cash, as of January 1, 1941 and 1940, respectively.

REVENUES, EXPENSES, AND NET RAILWAY OPERATING INCOME
Twelve months ended December, 1941 and 1940

Region and Road	Average Miles of Road Operated 1941	Freight Revenue (Accts. 101 & 12)		Passenger Revenue (Accts. 101 & 12)		Total Operating Revenue		Total Operating Expenses		Net Railway Operating Income	
		1941	1940	1941	1940	1941	1940	1941	1940	1941	1940
NEW ENGLAND REGION											
New England Region	6 492	829 893 845	815 134 436	841 554 485	835 380 516	820 239 076	845 491 808	815 135 136	822 947 280	835 441 397	830 534 228
Great Lakes Region	26 089	809 085 131	750 913 818	88 241 437	77 316 541	269 408 642	794 975 126	681 374 302	585 641 725	264 378 811	130 730 080
Central Western Region	24 046	815 621 034	731 244 768	136 415 115	113 787 688	1 302 052 861	711 516 287	809 248 196	647 681 948	197 767 415	139 716 211
TOTAL EASTERN DISTRICT	57 197	2 454 599 010	2 297 292 022	1 066 211 037	1 026 504 745	3 520 810 823	2 357 983 221	2 214 661 534	2 156 270 953	1 297 587 623	1 100 980 519
FOOTMOUNTAIN REGION	18 016	473 861 600	432 811 111	71 054 103	6 080 812	480 916 512	345 216 137	472 748 000	400 908 815	138 061 120	81 230 207
SOUTHERN REGION	45 544	525 811 644	425 322 181	33 740 372	11 485 211	409 976 310	352 730 386	409 817 918	339 980 437	121 882 811	82 178 981
Northwestern Region	54 272	820 947 707	637 503 006	77 435 913	80 436 894	997 339 416	787 437 139	708 425 872	565 785 400	267 134 840	148 477 080
Central Western Region	29 029	140 028 736	265 186 325	28 315 468	18 240 137	178 017 230	310 082 478	272 265 281	331 430 073	6 080 000 000	13 430 000
SOUTHWESTERN REGION	130 077	1 821 745 129	1 501 811 000	161 784 325	100 867 211	1 983 632 644	1 602 677 076	1 800 200 121	1 537 711 111	270 917 912	234 999 911
GRAND TOTAL - UNITED STATES	212 192	4 447 638 111	3 517 440 970	1 247 697 011	1 247 697 011	5 695 335 823	4 599 020 396	5 014 861 655	4 693 310 111	777 522 706	621 911 211
NEW ENGLAND REGION											
Boston & Worcester	603	5 157 239	4 498 119	235 943	171 661	5 665 419	4 671 431	3 852 738	3 686 534	1 337 316	841 435
Boston & Worcester	1 903	44 718 601	34 523 372	8 245 038	7 072 015	29 203 411	47 297 792	34 297 971	34 297 971	40 492 978	6 112 342
Canadian Nat. Lines in New Eng.	172	1 641 621	1 405 242	35 638	38 534	2 000 022	1 297 130	1 641 254	1 297 130	302 976	6 112 342
Canadian Pacific (lines in New Eng.)	234	3 138 008	2 622 853	220 595	140 082	3 743 434	2 982 780	2 031 089	1 641 254	302 976	6 112 342
Canadian Pacific (lines in Vt.)	91	1 178 800	948 665	32 767	35 211	1 400 637	1 137 728	1 137 728	1 137 728	262 909	481 668
Central Vermont	432	4 362 405	5 285 376	408 820	356 470	1 137 728	1 137 728	1 137 728	1 137 728	262 909	481 668
Maine Central	971	12 438 771	10 116 438	1 140 542	932 918	14 706 498	12 157 076	10 251 101	8 845 060	2 706 432	1 964 866
New York Connecting	21	4 093 234	2 475 554	30 849 206	36 342 490	107 541 256	85 604 109	74 867 737	63 199 234	16 924 234	9 274 234
New York, New Haven & Hartford	1 868	64 409 034	50 512 708	30 849 206	36 342 490	107 541 256	85 604 109	74 867 737	63 199 234	16 924 234	9 274 234
Hartford	407	2 754 826	2 438 271	125 166	131 415	3 772 088	3 531 726	3 203 737	3 270 166	267 307	21 214
NEW ENGLAND REGION											
Am. River	294	4 580 770	3 974 900	39 396	32 423	4 766 732	4 141 145	3 537 687	3 248 881	662 347	430 211
Am. River	38	1 885 076	1 506 209	2 245 038	7 072 015	1 507 464	1 137 427	1 137 427	1 016 018	877 279	594 211
Am. River & Indiana	34	1 641 621	1 405 242	35 638	38 534	2 000 022	1 297 130	1 641 254	1 297 130	302 976	6 112 342
Dela. & Hudson	849	32 132 801	24 575 509	977 131	974 799	34 170 493	26 775 110	22 767 796	18 943 460	8 497 736	5 612 238
Dela. & Hudson	949	48 670 032	39 923 786	6 524 093	6 437 113	61 111 361	38 894 772	43 131 771	39 424 078	10 125 797	6 736 238
Dela. & Hudson	242	721 085	729 911	27 276	25 604	845 089	845 089	641 381	641 381	102 708	118 668
Detroit & Mackinac	38	4 371 415	3 725 694	4 723 460	4 394 256	106 865 422	86 606 412	72 149 109	61 662 046	20 931 283	13 851 996
Detroit & Toledo Shore Line	2 237	95 718 271	72 543 627	989 413	900 710	30 391 495	25 343 837	28 132 800	18 664 254	6 154 230	3 334 761
Erie (Ind. Chgo. & Erie)	1 039	87 394 545	22 500 482	1 719 462	1 719 462	2 297 372	1 729 234	1 343 210	1 141 891	489 942	288 077
Grand Trunk Western	94	2 247 228	1 719 462	1 719 462	1 719 462	2 297 372	1 729 234	1 343 210	1 141 891	489 942	288 077
Lodge & Hudson River	120	5 243 912	4 396 515	2 130 509	2 034 090	36 750 722	47 497 817	38 641 155	31 225 786	10 093 526	5 107 668
Lodge & Hudson River	1 268	31 361 616	42 444 726	2 130 509	2 034 090	36 750 722	47 497 817	38 641 155	31 225 786	10 093 526	5 107 668
Montreal	172	5 888 194	4 911 154	6 712	6 712	5 928 489	4 943 625	2 248 594	1 981 624	1 981 624	1 981 624
Montreal	51	2 885 761	2 202 795	97	97	2 402 647	2 222 263	1 404 730	1 106 808	826 403	677 000
New York Central	10 948	336 878 403	270 274 048	66 609 843	37 122 445	447 789 635	370 385 875	332 438 111	279 476 980	37 418 760	44 021 417
New York Central	1 708	2 760 643	2 245 821	258 258	258 258	3 018 901	2 484 413	2 248 785	1 996 047	216 858	174 716
New York, Chicago & St. Louis	371	3 263 609	4 661 711	351 323	325 728	3 615 332	3 198 702	2 227 885	2 040 494	677 838	439 086
New York, Chicago & St. Louis	120	3 179 281	2 805 115	1 089 319	912 949	39 044 003	33 007 016	28 362 524	24 739 823	6 115 395	4 081 288
New York, Chicago & St. Louis	2 100	15 895 153	10 312 636	1 089 319	912 949	39 044 003	33 007 016	28 362 524	24 739 823	6 115 395	4 081 288
Pure Marquette	232	28 688 299	22 803 881	254 277	485 645	30 044 081	23 947 018	21 899 413	18 312 615	7 491 014	5 911 235
Pittsburgh & Lake Erie	58	1 066 166	1 216 222	1 070 865	1 070 865	1 070 865	1 070 865	1 070 865	1 070 865	1 070 865	1 070 865
Pittsburgh & Lake Erie	134	5 057 026	3 988 825	527	726	5 293 134	4 157 852	3 427 616	2 737 495	1 454 399	947 131
Pittsburgh & Lake Erie	190	1 512 811	1 226 480	2 417 511	2 417 511	2 417 511	2 417 511	2 417 511	2 417 511	2 417 511	2 417 511
Pittsburgh, Chesapeake & Northern	2 409	20 800 235	16 240 123	2 716 484	2 417 511	27 517 740	21 013 670	17 137 104	14 708 545	9 134 649	4 531 125
CENTRAL WESTERN REGION											
Am. River	171	2 977 117	2 792 535	301	398	3 137 206	2 388 373	1 943 974	1 699 822	637 168	411 271
Am. River	6 373	201 782 938	158 108 018	13 841 068	10 819 307	227 503 307	179 175 465	160 918 418	132 600 799	46 297 125	30 612 371
Baltimore & Ohio	217	20 217 802	17 909 167	1 889	1 889	20 379 730	18 026 227	10 457 622	8 377 040	7 137 888	1 336 299
Central N. & W. of New Jersey	694	34 130 725	29 254 682	4 405 943	4 307 230	43 257 579	35 882 986	32 372 728	27 343 811	5 088 050	1 364 735
Chicago & Eastern Illinois	925	14 578 255	12 290 265	2 077 191	1 524 287	18 655 446	15 688 097	11 712 919	12 231 610	1 771 542	1 092 120
Chicago & Eastern Illinois	131	5 130 254	4 489 938	7 118	7 118	5 404 109	4 771 159	3 261 579	3 014 141	1 080 904	1 100 117
Chicago, LaSalle & Louisville	549	9 562 974	8 192 256	409 285	490 584	10 864 079	9 485 173	7 093 009	6 532 631	2 234 062	1 139 100
Detroit, Toledo & Ironton	470	8 147 138	7 105 212	3 088	2 933	8 772 430	7 500 197	4 258 114	3 943 414	2 019 404	2 293 911
Elgin, Joliet & Eastern	390	25 815 362	18 892 788	806 008	74	26 621 416	22 138 050	17 810 025	13 786 604	5 541 975	4 886 288
Illinois Terminal	477	2 512 087	4 172 512	1 131 012	1 131 012	3 643 099	6 076 219	4 222 221	4 085 725	1 534 271	1 150 400
Long Island	379	8 944 111	7 504 512	16 313 476	16 313 476	26 815 958	25 229 228	19 784 572	18 777 816	767 881	781 711
Massachusetts	133	2 643 948	2 205 965	2 141	3 698	2 647 203	2 230 527	1 434 445	1 255 913	285 212	285 212
Massachusetts	10 241	477 008 587	363 510 106	89 022 891	71 443 220	64 041 163	477 593 408	442 677 275	338 454 678	77 002 428	86 499 466
Peoria & Rock Island	430	4 374 434	3 990 660	2 734 104	2 444 917	7 629 392	6 024 902	6 235 530	6 480 930	Def	990 739
Reading Company	1 416	72 463 115	71 789 649	1 436 088	1 117 589	73 969 022	61 797 776	52 921 207	44 053 217	16 118 135	17 468 806
Staten Island Rapid Transit	24	813 080	696 239	841 215	813 775	1 750 132	1 614 680	1 543 715	1 438 177	5 795 020	5 306 000
Western Maryland	859	21 934 444	18 403 567	95 600	81 711	22 810 110	19 246 284	14 784 973	12 138 781	3 772 432	4 141 111
Washington & Annapolis	307	20 159 231	16 120 883	43	43	20 221 648	16 797 266	13 523 799	11 304 166	3 717 482	5 416 111
PACIFIC REGION											
Chesapeake & Ohio	1 122	140 222 022	124 488 511	4 811 742	3 371 351	150 213 134	132 730 171	80 239 299	74 088 008	51 559 186	40 817 741
Chesapeake & Ohio	2 189	113 137 080	100 105 450	3 714 512	2 893 904	120 176 724	105 238 521	61 638 982	57 080 124	29 076 278	13 254 011
Richmond, Fred. & Potomac	110	7 609 816	5 225 015	4 845 731	3 086 835	26 019 903	9 478 131	8 419 298	6 991 026	3 618 046	1 095 911
Virginia	653	27 046 436	24 986 051	35 720	35 412	27 082 158	25 645 908	12 415 300	11 646 440	8 788 946	7 635 171

REVENUES, EXPENSES, AND NET RAILROAD OPERATING INCOME
Twelve months ended December, 1941 and 1940

Railroad and Road	Average Miles of Road Operated 1941	Freight Revenue (Accts. 102 & 121)		Passenger Revenue (Accts. 102 & 121)		Total Operating Revenue		Total Operating Expenses		Net Railway Operating Income	
		1941	1940	1941	1940	1941	1940	1941	1940	1941	1940
ALABAMA											
Alabama Great Southern	315	\$9 341 777	\$7 048 213	\$1 269 901	\$654 359	\$11 102 951	\$8 225 000	\$6 801 831	\$5 478 497	\$4 331 666	\$1 497 157
Mobile & Gulf Coast	93	1 796 664	1 379 663	385 938	295 425	2 462 044	1 971 133	1 820 350	1 402 080	1 022 137	11 134
Mobile & Gulf Coast	439	4 072 175	3 981 872	126 232	227 312	4 662 048	4 662 048	3 453 361	3 149 609	233 791	225 959
Mobile, Birmingham & Coast	5 080	49 826 743	37 089 217	11 817 951	7 863 738	67 008 252	50 087 964	46 899 449	35 567 509	11 080 253	1 757 234
Mobile & Gulf Coast	1 894	18 138 129	13 472 641	2 091 309	1 320 318	22 336 719	16 546 297	16 027 243	14 157 193	4 185 060	771 131
Central of Georgia	243	3 130 882	2 512 100	34 724	30 728	3 165 606	2 542 828	2 064 632	1 688 605	814 006	438 480
Atlantic & Southern	337	29 676 012	16 082 192	1 879 009	1 268 542	31 555 021	18 350 740	13 078 386	11 252 494	5 958 047	4 998 160
St. Louis, New Orleans & Tex. Pac.	388	11 006 518	8 368 080	54 032	43 359	11 060 870	8 412 139	4 628 434	4 017 472	5 390 038	3 672 086
Mobile & Gulf Coast	168	1 213 818	1 055 806	41 042	53 491	1 312 351	1 177 721	1 085 432	987 525	117 586	67 202
Mobile & Greenville	485	6 436 813	6 442 808	1 713 076	3 091 802	11 499 121	10 748 838	8 451 031	8 451 031	1 580 521	885 219
Mobile & Gulf Coast	379	4 524 524	3 796 881	350 036	179 375	5 453 299	4 087 432	3 564 432	3 296 609	1 417 454	944 138
Mobile & Gulf Coast	408	1 572 147	1 099 907	20 897	18 473	1 644 759	1 153 518	1 048 347	1 077 518	190 836	68 789
Mobile & Gulf Coast	398	2 437 131	2 147 640	545 134	486 075	3 594 411	2 982 134	2 982 134	2 547 462	524 290	494 882
Mobile & Gulf Coast	259	1 385 487	1 205 437	138 673	71 982	2 070 591	1 289 761	1 247 662	1 167 558	88 541	171 921
Mobile & Gulf Coast	1 971	22 122 761	17 329 031	612 770	512 145	22 634 906	18 701 182	16 138 522	14 789 788	3 661 440	1 825 523
Mobile & Gulf Coast	4 539	180 471 439	95 915 992	12 442 496	9 943 009	192 414 445	114 244 430	101 725 044	95 944 279	35 901 251	16 759 190
Mobile & Gulf Coast	4 810	104 061 091	85 386 927	8 776 429	6 474 822	112 837 520	98 061 637	78 076 815	75 548 223	25 548 223	11 871 991
Mobile & Gulf Coast	1 810	1 138 444	787 228	23 127	23 512	1 177 387	842 225	848 701	741 593	187 400	16 642
Mobile & Gulf Coast	1 111	16 257 779	12 906 131	1 706 194	1 263 833	18 964 767	15 612 603	14 128 156	12 249 893	3 109 429	2 069 426
Mobile & Gulf Coast	204	4 547 744	4 114 805	116 459	219 788	5 663 872	5 137 922	2 784 480	2 014 551	1 426 776	871 776
Mobile & Gulf Coast	713	3 401 413	2 374 205	67 934	45 197	3 468 610	4 559 247	4 117 478	3 888 822	10 104 964	4 404 333
Mobile & Gulf Coast	4 309	48 476 540	26 492 487	11 036 177	7 526 443	64 008 903	48 490 966	48 080 742	39 270 764	12 789 081	21 457 294
Mobile & Gulf Coast	6 552	116 580 175	68 591 640	24 232 779	9 177 690	139 792 834	105 905 295	88 547 312	72 870 181	32 789 081	40 759 651
Mobile & Gulf Coast	386	2 100 435	2 144 977	55 919	56 417	2 212 371	2 289 413	2 185 031	2 185 031	402 350	213 616
Mobile & Gulf Coast	433	1 826 402	1 343 480	392 778	294 080	2 466 901	2 466 901	2 466 901	2 466 901	2 466 901	2 466 901
ALABAMA											
Alabama Great Southern	8 301	86 130 200	71 431 277	12 916 388	11 438 104	109 046 441	92 868 307	80 866 471	73 162 961	16 791 076	10 094 500
Mobile & Gulf Coast	1 508	19 456 004	16 912 154	599 549	489 129	21 055 133	18 748 236	14 090 536	13 283 229	2 128 678	1 784 230
Mobile & Gulf Coast	10 846	117 244 205	95 113 461	9 644 907	8 100 181	126 889 112	114 375 599	97 765 536	87 170 244	28 181 975	13 845 640
Mobile & Gulf Coast	1 629	17 072 517	15 103 769	1 670 441	1 534 822	18 702 932	18 078 946	15 634 522	14 932 123	1 701 713	406 869
Mobile & Gulf Coast	542	36 446 245	21 672 522	21 300 000	20 278	57 746 245	37 354 084	31 004 029	24 108 190	14 138 190	11 712 923
Mobile & Gulf Coast	350	3 009 084	2 374 205	93 530	90 145	3 102 614	2 680 309	2 494 352	2 115 437	37 423	34 584
Mobile & Gulf Coast	175	1 633 353	1 106 408	13 166	18 508	1 646 861	1 537 968	1 328 059	1 199 567	28 001 535	21 807 064
Mobile & Gulf Coast	8 072	110 200 541	89 146 630	4 864 138	4 225 019	115 064 659	101 743 146	78 323 186	65 901 723	26 121 223	21 011 011
Mobile & Gulf Coast	124	1 124 791	1 402 649	1 621	6 433	2 000 824	1 769 111	1 479 738	1 258 377	1 045 285	1 197 816
Mobile & Gulf Coast	156	2 729 219	2 164 729	689	661	2 730 478	2 181 977	1 656 205	1 274 790	1 448 429	1 190 058
Mobile & Gulf Coast	1 408	10 279 360	9 179 131	116 906	101 132	10 396 266	9 279 266	8 265 572	7 221 091	5 207 094	4 152 235
Mobile & Gulf Coast	4 271	18 458 419	27 784 922	778 281	940 197	19 238 606	28 724 634	28 724 634	28 724 634	28 724 634	28 724 634
Mobile & Gulf Coast	6 760	74 289 343	59 198 769	4 447 154	3 581 693	78 736 542	62 784 434	59 909 730	51 615 264	19 922 764	13 881 094
Mobile & Gulf Coast	152	834 144	729 981	7 603	7 168	841 752	841 752	841 752	841 752	841 752	841 752
Mobile & Gulf Coast	945	12 132 719	8 634 131	398 635	386 057	12 531 354	9 020 190	8 136 869	6 786 882	3 750 157	1 882 076
ALABAMA											
Alabama Great Southern	959	14 519 007	11 552 373	3 075 743	2 525 294	17 594 750	14 077 637	14 813 433	13 360 058	1 992 757	15 978
Mobile & Gulf Coast	1 430	185 127 258	136 534 625	22 786 021	18 492 434	207 913 279	170 031 639	156 910 718	139 656 617	40 544 790	24 017 625
Mobile & Gulf Coast	9 024	94 874 259	78 139 344	10 607 250	9 464 197	105 481 455	91 631 835	83 047 925	71 853 873	19 135 005	13 081 778
Mobile & Gulf Coast	7 905	79 086 441	65 260 004	10 924 913	8 271 251	89 967 499	80 701 923	69 125 057	62 391 445	17 616 382	13 131 477
Mobile & Gulf Coast	701	4 692 121	3 518 907	597 555	441 200	5 289 676	4 060 471	3 671 782	2 479 854	1 041 180	68 062
Mobile & Gulf Coast	21	1 010 644	791 137	1 707 741	1 500 084	2 518 385	2 207 953	2 020 322	1 755 934	434 779	409 134
Mobile & Gulf Coast	2 117	26 418 154	23 443 096	60 528	67 286	2 679 440	2 361 251	2 182 129	1 915 334	4 517 079	2 761 157
Mobile & Gulf Coast	232	2 378 635	2 179 499	719 503	671 432	3 098 138	2 842 931	2 604 322	2 402 836	1 228 082	844 499
Mobile & Gulf Coast	804	5 016 229	5 779 032	7 130	7 130	5 023 359	5 779 032	5 779 032	5 779 032	5 779 032	5 779 032
Mobile & Gulf Coast	145	650 545	481 721	6 750	6 750	657 295	488 471	412 295	342 443	121 243	121 243
Mobile & Gulf Coast	330	3 181 481	2 480 750	124 217	109 817	3 305 698	2 591 567	2 300 519	2 025 590	280 540	161 701
Mobile & Gulf Coast	13 009	240 727 134	180 845 676	31 541 1	24 187 864	271 268 998	222 777 820	199 738 019	160 505 580	57 417 721	32 388 619
Mobile & Gulf Coast	4 162	4 162 645	8 167 471	54 500	372 257	4 217 145	9 194 459	4 217 145	8 761 131	29 574	77 000
Mobile & Gulf Coast	239	2 734 107	2 136 706	22	22	2 756 813	2 373 432	2 194 161	1 516 431	438 381	438 381
Mobile & Gulf Coast	9 078	180 278 442	136 444 742	22 554 471	17 072 711	202 833 153	168 164 258	157 757 693	130 247 113	10 515 271	21 158 280
Mobile & Gulf Coast	152	1 442 022	1 102 487	26	26	1 468 508	1 129 122	1 045 943	78 152	80 180	80 180
Mobile & Gulf Coast	1 195	22 781 643	17 518 771	809 490	612 800	24 591 133	24 489 801	16 757 505	13 644 105	4 223 966	2 644 040
ALABAMA											
Alabama Great Southern	252	857 467	909 354	264 814	236 832	1 122 134	1 138 794	1 115 485	1 207 078	61 634	164 585
Mobile & Gulf Coast	146	3 444 535	2 467 772	145 491	94 070	3 809 155	2 710 676	2 799 144	1 654 331	1 085 725	411 575
Mobile & Gulf Coast	151	2 954 661	2 164 288	190 483	136 469	3 227 829	2 553 020	2 553 020	2 131 775	1 329 846	728 151
Mobile & Gulf Coast	609	7 307 109	6 452 182	231 160	177 126	7 964 131	7 009 943	5 130 227	4 794 434	2 034 975	1 520 109
Mobile & Gulf Coast	317	1 202 160	1 000 581	28 457	22 075	1 230 617	1 018 015	1 138 571	1 005 181	121 250	156 661
Mobile & Gulf Coast	1 135	11 384 795	9 686 521	1 134 850	871 360	14 075 013	11 349 852	11 145 785	9 880 166	1 334 689	34 529
Mobile & Gulf Coast	879	16 093 641	12 607 919	886 247	625 280	19 160 035	14 382 380	12 101 925	8 971 649	4 083 566	3 470 041
Mobile & Gulf Coast	128	2 468 812	2 110 207	5 133	4 786	2 473 998	2 368 131	2 142 540	1 022 244	775 387	734 291
Mobile & Gulf Coast	581	9 767 612	7 870 018	175 901	134 247	10 953 722	8 180 858	6 187 154	5 427 453	2 415 816	1 711 127
Mobile & Gulf Coast	142	1 102 487	1 102 487	26	26	1 128 973	1 128 973	1 128 973	1 128 973	1 128 973	1 128 973
Mobile & Gulf Coast	345	1 102 487	1 102 487	13 143	17 234	1 115 621	1 126 207	1 126 207	1 126 207	1 126 207	1 126 207
Mobile & Gulf Coast	3 293	29 117 710	21 114 040	2 768 467	2 065 180	34 886 170	27 892 594	25 787 124	21 037 619	21 037 619	21 037 619
Mobile & Gulf Coast	7 142	64 679 147	47 915 511	5 175 488	3 801 875	70 855 623	51 704 469	46 601 953	47 087 679	23 131 729	10 083 018
Mobile & Gulf Coast	132	349 152	270 195	26	26	355 084	294 444	242 648	234 192	23 131	17 523
Mobile & Gulf Coast	4 236	51 540 292	40 184 262	4 921 702	3 172 121	56 461 994	44 352 381	44 185 078	38 241		

OPERATING INCOME ACCOUNT - UNITED STATES - TWELVE MONTHS ENDED DECEMBER, 1936 TO 1941

Railways of Class I (Excluding Switching and Terminal Companies)

Account	1941	1940	1939	1938	1937	1936
Total operating revenues	\$5 346 699 998	\$4 298 001 598	\$3 995 004 243	\$3 564 829 551	\$4 166 068 601	\$4 051 196 452
Freight	4 447 568 333	3 537 440 970	3 251 096 130	2 857 899 307	3 378 108 652	3 307 123 748
Passenger	514 687 031	417 266 962	416 903 149	405 424 288	442 809 304	412 365 686
Mail	108 192 446	101 086 894	99 012 370	95 954 093	97 983 881	95 542 683
Express *	57 281 554	55 642 988	55 189 590	48 454 746	57 682 929	60 180 925
All other	218 970 634	186 581 784	172 803 004	257 097 117	189 483 835	175 983 410
Total operating expenses	3 664 175 018	3 090 173 137	2 918 209 706	2 721 494 485	3 119 064 932	2 930 170 374
Maint. of way & struct.	603 110 965	497 167 786	466 830 717	420 088 057	495 593 910	454 448 047
Maint. of equipment	992 511 463	819 103 106	765 935 263	676 374 537	826 708 829	782 805 609
Traffic	111 888 491	107 593 047	106 734 544	102 526 398	105 478 227	100 038 347
Transportation	1 774 977 015	1 501 392 805	1 417 793 911	1 361 041 910	1 510 274 991	1 404 934 801
General	138 214 336	130 498 100	127 568 819	127 501 411	145 344 848	157 184 874
All other	43 472 748	34 419 293	33 346 452	33 962 172	35 664 127	30 758 696
Net operating revenue	1 682 524 980	1 207 828 461	1 076 794 537	843 335 066	1 047 003 669	1 121 026 078
Taxes	546 071 058	396 623 016	355 677 557	340 694 548	325 665 199	319 701 180
Operating income	1 136 453 922	811 205 445	721 116 980	502 640 518	721 338 470	801 324 898
Equipment rents	Dr 102 176 729	Dr 95 735 682	Dr 96 518 027	Dr 94 868 737	Dr 95 020 922	Dr 94 436 437
Joint facility rents	Dr 34 774 287	Dr 32 926 545	Dr 35 769 876	Dr 34 621 142	Dr 36 113 652	Dr 39 714 296
Net railway operating income	999 502 906	682 543 218	588 829 077	373 150 639	590 203 896	667 174 165
Operating ratio - per cent	68.53	71.90	73.05	76.34	74.87	72.33
Average mileage represented	232 192	232 824	233 462	234 436	235 511	236 226

**TOTAL OPERATING REVENUES, EXPENSES, AND NET RAILWAY OPERATING INCOME - UNITED STATES
BY MONTHS, 1936 TO 1941**

Railways of Class I (Excluding Switching and Terminal Companies)

Month	1941	1940	1939	1938	1937	1936
TOTAL OPERATING REVENUES						
January	\$377 374 190	\$345 619 123	\$305 778 767	\$279 108 385	\$331 701 494	\$299 058 328
February	358 413 499	313 584 852	276 904 334	251 037 015	321 853 619	300 430 323
March	416 319 161	327 131 789	315 091 017	283 017 974	377 725 321	308 258 178
April	375 008 368	321 567 097	282 117 754	268 213 597	351 506 719	313 366 439
May	442 285 876	343 494 649	302 617 948	272 609 400	352 542 542	320 926 403
June	455 022 722	344 952 789	321 616 735	282 080 672	351 651 223	330 620 688
July	485 446 306	366 220 237	332 435 852	299 589 726	365 085 700	349 670 910
August	493 674 008	381 518 438	344 399 562	315 335 418	359 611 956	350 461 287
September	488 978 900	382 714 515	381 117 880	322 542 835	363 070 851	357 058 214
October	517 604 959	433 712 272	419 717 399	353 384 223	372 925 813	391 301 303
November	457 011 853	375 498 853	368 026 739	319 629 288	318 180 377	358 405 564
December	479 560 154	381 936 980	345 180 252	318 281 016	300 320 822	372 134 405
Total - Calendar year	5 346 699 998	4 298 001 598	3 995 004 251	3 564 829 551	4 166 068 602	4 051 196 459
TOTAL OPERATING EXPENSES						
January	\$268 968 882	\$257 395 976	\$232 946 449	\$232 565 356	\$253 668 741	\$231 741 087
February	255 590 196	240 579 920	220 619 933	215 353 899	244 080 932	235 875 419
March	283 328 539	248 634 646	240 358 779	229 004 135	266 198 097	236 546 606
April	274 938 371	245 877 517	227 622 288	219 484 312	261 949 013	235 040 412
May	296 590 475	252 854 916	237 411 054	217 054 008	267 225 209	240 201 794
June	298 932 432	252 507 423	241 785 658	218 132 406	265 521 794	241 764 772
July	310 034 946	262 064 921	241 962 092	222 166 822	266 585 650	248 317 687
August	315 843 279	267 571 191	247 621 627	229 572 952	268 190 412	246 199 293
September	312 288 924	260 239 661	251 166 939	231 982 740	262 711 697	248 449 932
October	361 501 715	276 780 299	271 538 049	242 354 484	270 357 354	261 034 653
November	335 614 115	259 517 849	256 170 301	231 203 926	249 295 347	248 174 224
December	352 531 871	266 148 818	249 006 533	232 619 459	243 354 701	257 279 512
Total - Calendar year	3 664 175 018	3 090 173 137	2 918 209 708	2 721 494 485	3 119 064 934	2 930 170 374
NET RAILWAY OPERATING INCOME						
January	\$62 357 404	\$46 012 810	\$32 947 172	\$7 144 036	\$38 866 838	\$35 728 532
February	58 478 869	32 856 489	18 637 706	Def 1 909 133	38 783 618	33 562 341
March	80 627 170	37 034 270	34 375 047	14 728 275	69 881 244	35 152 477
April	52 568 880	34 120 523	15 323 766	9 397 133	48 357 724	41 493 455
May	88 630 030	47 408 836	25 172 741	16 665 684	44 239 456	41 797 047
June	93 261 372	48 090 785	39 166 788	25 159 522	59 354 317	50 258 671
July	106 314 792	57 725 166	46 996 611	38 431 251	60 985 276	61 722 346
August	111 317 825	66 530 180	54 567 356	45 421 781	50 756 743	64 636 594
September	104 070 310	74 715 435	86 529 622	50 406 298	59 621 184	70 096 166
October	93 657 126	87 638 354	101 716 356	68 594 769	60 860 439	89 809 372
November	68 764 844	71 560 226	70 414 617	49 692 171	32 519 097	72 376 522
December	80 548 607	78 850 744	60 981 299	49 418 555	25 994 857	70 505 535
Total - Calendar year	999 502 906	682 543 218	588 829 083	373 150 639	590 203 925	667 174 165

* "Total - Calendar year" based on annual reports for years 1936 to 1939 and revised monthly reports for 1940, and do not always agree with the sum of the monthly totals.

Docket No. 29037

Exhibit No. 12

Witness—D. S. Whitnack

NET RAILWAY OPERATING INCOME BEFORE FEDERAL INCOME TAXES

Class I Railroads Operating in Tennessee

1936-1943

(dollar figures in thousands)

Carrier	1936	1937	1938	1939	1940	1941	1942	12 months 9-30-43	% increase year ending 9-30-43 over
1. C. N. O. & T. P. Ry.....	\$3461	\$3293	\$4371	\$5734	\$5800	\$8177	\$12337	\$15331	89.9%
2. Southern Ry.....	19613	14847	14304	20777	21457	38700	75591	98713	155.1
3. L. & N. R. R.....	19985	16605	11807	16925	19735	34991	61891	81617	133.3
4. I. C. R. R.....	14131	14636	14712	15717	14606	22120	39429	49019	121.6
5. G. M. & O. R. R.....					1014	4419	8253	10048	127.4
6. Tenn. Central Ry.....	500	334	251	314	330	454	624	730	148.9
7. Clinchfield.....	2788	3139	2237	3393	3935	5888	6531	6359	8.0
8. N. C. & St. L. Ry.....	1383	840	1482	1989	2214	4060	9239	13289	227.3
Total—8 Roads.....					\$69111	\$118809	\$213895	\$275706	132.1%
Total excl. G. M. & O.....	\$63861	\$65694	\$49164	\$64849	\$68097	\$114390	\$205642	\$265658	132.2%

SOURCE: Reports of the carriers to the Interstate Commerce Commission.

Docket No. 29037

Exhibit No. 13

Witness—D. S. Whitnack

FREIGHT AND PASSENGER SERVICE OPERATING RATIOS, 1936-1943

Railroads Operating in Tennessee

Carrier	1936	1937	1938	1939	1940	1941	1942	Jan.- Sept. 1943 (Estimated)
Passenger Service								
C. N. O. & T. P.....	116.0%	106.0%	116.6%	117.7%	117.4%	96.2%	82.1%	52.8%
Southern.....	111.6	109.0	115.4	116.0	117.7	93.6	57.4	47.1
L. & N.....	129.8	134.3	142.6	142.0	144.0	118.9	72.0	52.5
I. C.*.....	132.4	116.4	120.2	123.4	126.7	118.4	94.0	70.1
G. M. & O.....						185.5	120.1	87.3
Tenn. Central.....	131.2	137.4	150.7	163.1	166.9	175.8	117.5	75.4
Clinchfield.....	169.0*	198.1	194.8	222.6	195.5	163.5	143.8	109.4
N. C. & St. L.....	125.2	124.8	126.1	128.4	124.0	112.0	70.1	58.9
Total.....	123.8	118.1	114.8	115.7	127.4	110.0	72.5	56.0
Freight Service								
C. N. O. & T. P.....	52.9	55.4	58.9	54.7	54.3	52.6	51.2	52.4
Southern.....	61.7	65.4	62.4	60.2	60.5	57.9	55.1	54.6
L. & N.....	65.0	67.9	67.2	64.7	64.9	58.5	55.9	57.1
I. C.*.....	64.7	67.2	64.6	65.5	67.1	64.3	60.8	63.9
G. M. & O.....						62.4	59.0	59.0
Tenn. Central.....	67.0	69.5	69.2	69.2	69.2	68.8	71.1	64.8
Clinchfield.....	53.6	50.7	53.1	46.2	45.9	40.4	40.7	46.1
N. C. & St. L.....	78.2	80.4	71.6	69.8	69.7	64.7	62.0	64.2
Total.....	63.7	66.5	64.4	62.9	63.5	59.8	57.2	58.6

SOURCE: Reports of the carriers to the I. C. C.

*Includes Yazoo and Mississippi Valley.

OFFICE OF PRICE ADMINISTRATION
Washington 25, D. C.

Docket No. 29037
Exhibit 13, Page 2
Witness D. S. Whitnack

**METHOD USED IN ASSIGNING 1943 REVENUES
AND EXPENSES TO PASSENGER SERVICE**

Passenger Revenues

The general formula used in assigning operating revenues to passenger service is:

$$R_p = P_r + M_r + E_r + K O_r$$

where,

R_p = Revenues assigned to passenger service.

P_r = Passenger revenues

M_r = Mail revenues

E_r = Express revenues

O_r = All other operating revenues, excluding freight revenues

K = The 1942 ratio of $R_p - (P_r + M_r + E_r)$ to O_r

Data for previous years indicate that Passenger Revenues, Mail Revenues and Express Revenues have been assigned by the carriers almost entirely to the Passenger Service. In allocating All Other Operating Revenues, excluding Freight Revenues which are almost entirely assigned to the Freight Service, we have assumed that the 1943 proportion to be assigned to the Passenger Service has not differed materially from that existing in 1942. Less than 6% of the revenues assigned to Passenger Service in 1942 by the eight roads shown in this exhibit was derived from the group of All Other Operating Revenues.

Passenger Expenses

Railway operating expenses assigned to passenger service are derived from the following formula:

$$E_p = K O_p$$

where,

E_p = Railway operating expenses assigned to passenger service

O_p = All railway operating expenses

K = Percentage of all railway operating expenses assigned to passenger services where K is determined by the Least Squares regression equation based on the relationship between the ratio of Passenger Expenses to Railway Operating Expenses with the ratio of Passenger Car-miles to Total Transportation Car-miles.

The accuracy of this method of estimating operating expenses assignable to passenger service is indicated by the fact that the coefficient of correlation for the eight roads in the years 1936-42 was 98.6% and the standard error of estimate was .23%.

17477-644

Docket No. 29037
Exhibit No. 14
Witness D. S. Whitnack

PASSENGER SERVICE SUPPORT FROM FREIGHT REVENUES Eight Class I Railroads Operating in Tennessee

Carrier	1938					1939					1940					1941				
	Rev. Am'td to Pass. Service	Net Ry. Op. Inc. Pass. Service	% Increase Frt. Rev. 12 Mon. ended 9/30/38 over year 1937	Rev. Am'td to Pass. Service	Net Ry. Op. Inc. Pass. Service	% Increase Frt. Rev. 12 Mon. ended 9/30/39 over year 1938	Rev. Am'td to Pass. Service	Net Ry. Op. Inc. Pass. Service	% Increase Frt. Rev. 12 Mon. ended 9/30/40 over year 1939	Rev. Am'td to Pass. Service	Net Ry. Op. Inc. Pass. Service	% Increase Frt. Rev. 12 Mon. ended 9/30/41 over year 1940	Rev. Am'td to Pass. Service	Net Ry. Op. Inc. Pass. Service	% Increase Frt. Rev. 12 Mon. ended 9/30/42 over year 1941					
1. C. N. O. & T. P.	\$ 1663 \$ d 700200	\$ 1883 \$ d 900770	112.2 %	\$ 14786	\$ d 600631	136.5 %	\$ 10161	\$ d 604436	109.5 %	\$ 15381	\$ d 822622	74.1 %	\$ 2097	\$ d 423631	41.5 %					
2. Southern	14786	d 600631	136.5	14884	d 600631	109.5	10161	d 604436	97.6	15381	822622	94.7	21078	d 827008	48.1					
3. L. & N.	10195	d 656046	123.5	10161	d 604436	97.6	10161	d 604436	97.6	10658	d 821561	76.6	13483	d 601864	45.2					
4. I. C. & V. & M. V.	15345	d 5281948	125.4	15095	d 6046130	110.7	15095	d 6046130	110.7	15623	d 643682	105.5	18727	d 827061	63.6					
5. G. M. & O.																				
6. Tenn. Central	134	d 93330	86.7	141	d 114376	73.0	141	d 114376	73.0	145	d 123965	65.7	1100	d 110424	56.0					
7. Clinchfield	97	d 15431	118.2	84	d 121748	76.3	84	d 121748	76.3	86	d 112151	51.1	153	d 160976	45.8					
8. N. C. & St. L.	2163	d 23456	170.7	2210	d 241771	147.4	2210	d 241771	147.4	2315	d 764583	133.4	104	d 88613	14.8					
Total	\$ 44583	\$ d 18519210	128.8 %	44458	\$ d 18065148	105.6 %	44458	\$ d 18065148	105.6 %	446257	\$ d 32077000	92.2 %	2009	d 677608	45.3					
															\$ 60251	\$ d 1423075	52.6			

SOURCE: Annual reports of carriers to the Interstate Commerce Commission.

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RATE OF RETURN ON VARIOUS INVESTMENT BASES

12 Months Ended September 30, 1943

(dollar figures in thousands)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
		Investment in Ry. Property Used in Transp. Service	Book Invest- ment in Transp. Property	Accrued Deprecia- tion and Accr. Amorti- zation of Defense Projects	Cash and Materials Supplies	Net Book and Investment plus Cash and Materials Supplies and Supplies (3) - (4) + (6)	Net Ry. Op. Inc. before Fed. Inc. Taxes minus Rent for Leased Road and Equip. (7) - (8)	Rent for Leased Road and Equip. ment	Net Ry. Op. Inc. before Fed. Inc. Taxes minus Rent for Leased Road and Equip. (7) - (8)	Col. 1 (9) + (8) + (6)	Rate of Return Col. 1 (9) + (8) Col. 10 (7) + (8)	Col. 11 (9) + (8) Col. 12 (7) + (8)
1. C. N. O. & T. P.		\$4394	\$5960	\$10158	\$6412	\$55234	\$15531	\$1761	\$13790	17.2%	25.0%	28.1%
2. Southern		621954	53361	48347	33997	53821	98713	2659	96054	15.1	17.8	18.3
3. L. & N.		476988	468138	102612	42474	408000	81617	307	81310	15.7	19.9	20.0
4. I. C.		585321	359166	114234	23193	268127	49019	779	48240	8.1	18.0	18.3
5. G. M. & O.		88300	69344	4750	6660	71254	10048	395	9653	10.6	13.5	14.1
6. Tenn. Central		9152	8797	1068	682	8411	1130	27	1103	11.5	13.1	13.4
7. Clinchfield		68897	3070	398	6069	8741	6359	2172	4187	8.5	47.9	72.7
8. N. C. & St. L.		9902	61283	11313	1966	57956	13289	804	12485	12.4	21.5	22.9
9. Total		\$2033608	\$1582141	\$292770	\$126873	\$1416344	\$275706	\$8884	\$266822	12.8	18.8%	19.5%

SOURCE: Annual and Monthly reports of the carriers to the Interstate Commerce Commission.

- Col. 2—Annual Report Sch. 211N
- Col. 3—Accounts 701, 702, 703
- Col. 4—Accounts 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000
- Col. 5—Accounts 708, 716
- Col. 6—Account 542

COMPARATIVE RATES OF RETURN ON VARIOUS BASES

Class I Line-haul Railways

Southern Region, 1937

1. Final Value as of 1/1/37.....	\$2,440,000,000
2. Net Book Investment plus Cash, and Materials and Supplies of 12/31/36.....	2,272,264,296
3. (a) As % of I. C. C. Final Value.....	93.1%
4. Investment in Ry. Property Used in Transp. Service & Cash & Mat. & Supp. 12/31/36.....	3,163,464,711
5. (a) As % of I. C. C. Final Value.....	129.7%
6. Net Ry. Op. Income, 1937.....	\$ 74,160,011
7. Fed. Income Taxes, 1937.....	1,631,587
8. N. R. O. I. Bef. Inc. Taxes, 1937.....	\$ 75,791,598
9. Rent for Leased Road & Equipment.....	13,408,768
10. N. R. O. I. Bef. Fed. Inc. Taxes, Minus Rent for Leased Road and Equipment.....	\$ 62,382,830

Rate of Return bef. Fed. Income Taxes

11. (a) On I. C. C. Final Value.....	3.1%
12. (b) On Net Book Investment, etc.....	3.3%
13. (c) On Investment in Ry. Property used in Transportation Service, etc.....	2.4%
14. (d) N. R. O. I. bef. Fed. Inc. Taxes Minus Rent for Leased Road & Equipment (Line 10) by Net Bk. Invest, (Line 2).....	2.7%

SOURCES: I. C. C., Statistics of Railways in the U. S. and Fifteen Percent Case, 1937-38, 226, I. C. C. 41

Line 1—Fifteen Per Cent Case, 1937-38, 226 I. C. C. 161

Line 2—Annual reports Accts. 701, 702, 708, 716 less 725, 775½, 776, 776½, 777

Line 4—Annual reports Schedule 211N & Accts. 708 and 716

Line 9—Annual reports, Account 542

Docket No. 29037
Exhibit No. 17
Witness: W. F. Kennedy

LOUISVILLE & NASHVILLE RAILROAD COMPANY

**ACCOUNTING DEPARTMENT
A. J. Pharr, Comptroller
Louisville, Ky.**

Dec. 8, 1943

**Mr. W. P. Bartel, Secretary,
Interstate Commerce Commission,
Washington, D. C.**

Dear Sir:

**Passenger Fares and Charges for Intrastate Traffic
between Points in Tennessee—I. C. C. Docket No. 29037**

During the course of the hearing in the above styled proceeding in Nashville, Tenn., December 2nd, I was permitted by the Examiner to furnish for the L. and N. Railroad Company the Interstate Passenger Revenue from Passenger Fares in the State of Tennessee, on request of a member of the Railroad Commission of the State of Tennessee, covering the periods as indicated below:

Year ended February 28, 1943	\$4,173,857
Year ended September 30, 1943	\$6,771,770
10 months ended September 30, 1943	\$6,126,021

**Yours truly,
W. F. KENNEDY,
Assistant Comptroller.**

wfk—lks
cc—

**Mr. M. B. Miller, Attorney, O.P.A., Washington, D. C.
Mr. F. W. Gwathmey, Special Counsel, Washington, D. C.
Mr. Charles Clark, Genl. Attorney, Sou. Rwy., Washington, D. C.
Mr. E. J. Zoll, Jr., Commerce Attorney, Ill. Cent. R. R. Co.,
Chicago, Ill.
Railroad Commission of State of Tennessee, Nashville, Tenn.**

Docket No. 29037
Exhibit No. 17 RCH-ES
Witness: W. F. Kennedy

Interstate Commerce Commission
Office of Chief Examiner
Washington 25

January 1, 1944.

No. 29037

Passenger Fares & Charges for
Intrastate Traffic bet. Points
in Tennessee

Mr. W. F. Kennedy,
Asst. Comptroller,
Louisville & Nashville R. R. Co.,
Louisville 1, Ky.

Dear Sir:

Receipt is acknowledged of your letter of December 8, 1943, your file No. 408, copies of which were sent to the parties listed below, advising for the L. & N. R. R. Co. the interstate passenger revenue from passenger fares in the State of Tennessee, covering the years ended February 28, 1943 and September 30, 1943, and 10 months ended September 30, 1943, which information was requested by a member of the Railroad Commission, State of Tennessee.

In accordance with the understanding recorded at page 140 of the transcript of testimony at the hearing held in this proceeding in Nashville, Tenn., on December 2, 1943, your letter has been received in evidence and designated Exhibit No. 17.

Very truly yours,
(Signed) ULYSSES BUTLER,
Chief Examiner.

Copies to:

Mr. M. B. Miller, Attorney, O.P.A., Washington, D. C.
Mr. F. W. Gwathmey, Special Counsel, Washington, D. C.
Mr. Charles Clark, Genl. Attorney, Sou. Ry., Washington, D. C.
Mr. E. J. Zoll, Jr., Commerce Atty., Ill. Cent. R. R. Co., Chicago,
Ill.

Railroad Commission of State of Tennessee, Nashville, Tenn.

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